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Yeltsin faces bloody hostage battle



Eye of the storm: Two of the Chechen 'Lone Wolf' commandos (above left) who last night vowed to fight 'to the end', while up to 3,000 hostages remained at gunpoint inside the hospital (above) and security forces were set to intervene

Political crisis for Kremlin after Chechen gunmen hold 3,000 civilians inside hospital

HELEN WOMACK
Moscow

A bloody battle between Russian troops and Chechen gunmen, with thousands of civilian hostages caught in the cross-fire, appeared inevitable last night. President Boris Yeltsin faced political humiliation and a protracted hostage crisis after a gang of Chechen gunmen seized up to 3,000 civilians and barricaded themselves inside a hospital in a small southern Russian town of Kizlyar.

Fierce gun-battles were reported on the streets last night after two of the hostages were said to have been executed. The raiders fired from hospital windows, using patients as human shields, while 4,000 Russian troops encircled the town.

In a virtual re-run of an attack further north last June, a band of 600 gunmen, belonging to the 'Lone Wolf' commando, slipped across the Chechen border early yesterday and pounced on the town three miles inside the neighbouring territory of Dagestan.

An enraged Mr Yeltsin was shown on television accusing his border guards of 'sleeping'. He ordered his Security Minister, Mikhail Barsukov, to take 'the most resolute measures' to end the crisis. The raid is a personal disaster for Mr Yeltsin. Thirteen months after he launched a

military assault on the break-away Chechen republic, and eight months after first declaring victory in the murderous war which ensured, he faces a prolonged and bloody confrontation which could destroy his hopes of re-election in the presidential elections next June. The Chechen gang repeated the daring assault on the town of Budennovsk last summer, which ended in Russian capitulation amid near-farce. They rounded up residents from their homes and herded them into the town's central hospital compound. Moscow officials spoke of 1,000 hostages but local police put the figure at 3,000.

Anxious women hostages pleaded tearfully for an end to their ordeal as masked gunmen swore they would fight to the end. Television crews filmed dozens of men, women and children hostages, some of them still attached to intravenous drips. A gunman, standing over his prisoners and brandishing an assault rifle, said: 'We have nothing to lose. We are here to the end.'

About a dozen people were killed in the initial assault on the town. 'The wolves have come to you,' the rebel leader, Salaman Raduyev, told Russian authorities in a radio message. 'Withdraw troops from Chechnya or civilians will be shot.'

Although Dagestani officials tried to negotiate with the raiders, two hostages were reported to have been executed yesterday afternoon. Fierce fighting then broke out, but its scale was not clear. In Moscow, Mr Yeltsin raged at the failure of his army to prevent the incursion into Dagestan, a multi-ethnic region on the shores of the Caspian Sea. In a tirade broadcast on television, he accused ministers of learning nothing from the crisis last June when Chechen fighters barricaded themselves into the hospital in Budennovsk. 'We have been dealt another blow,' he fumed.

The raiding party is reported to be part of a group called the 'Lone Wolf', founded last year by Salaman Raduyev, the son-in-law of rebel leader Dzhokhar Dudayev. Quite apart from crossing the border with Dagestan, the assault force is thought to have left the rebel strongholds in the mountains and smuggled itself through 100 miles of Russian-controlled Chechnya.

Nuclear industry may be worthless

TOM WILKIE
and MARY FAGAN

The Government may get just £800m from the privatisation of the nuclear industry, less than a third of the £2.6bn it is hoping for, according to one of the leading experts in Britain on energy policy.

Britain's most modern nuclear reactors might even be worthless, according to an analysis drawn up by Gordon MacKerron, of Sussex University, and Mike Sadnicki, an operational research consultant. City analysts share their con-

cern that the costs of reprocessing spent nuclear fuel and of decommissioning power stations in the future mean the sale may actually be made at a loss. Spent fuel which will cost some £3bn to reprocess is already sitting in cooling ponds at Sellafield.

Although the research was commissioned by two avowedly anti-nuclear organisations, Friends of the Earth and COLA, the Consortium of Opposing Local Authorities, its publication today will be a blow to the Government's privatisation hopes because Dr MacKerron is regarded as

an independent authority on the finances of the nuclear industry. One City analyst, who asked not to be identified, said: 'It is quite possible that the net proceeds will not add up to much at all - if anything. The problem is that no one has a clear handle on what the liabilities will be. It is also entirely unclear what the capital structure of the industry will be.'

A new company, British Energy, has been set up to run the most modern reactors - the Advanced Gas-cooled Reactors (AGRs) and the Sizewell B Pressurised Water Reactor - in preparation for privatisation. The unsellable Magnox reactors are being left in the public sector.

Mr Sadnicki said, 'It is extremely hard to put a valuation on British Energy. Our best estimate is that the figure is small and positive. But if we use our assumptions and the nuclear industry's own accounting conventions then we get negative £2.6bn.'

A spokesman for British Energy said the Financial Services Act prevented the company from giving a detailed response. 'We will in the end have to be judged by investors and others on our track record. That will be published later as an integral part of the privatisation process and that's the time at which a fair and balanced assessment can be achieved,' he said.

IN BRIEF

PC 'smuggled gold'
A policewoman helped her father in a £20m gold-smuggling operation through the Channel ports, a court heard. Page 3

Golfer's 'swing'
A champion woman golfer was dubbed 'Muhammad Ali' after punching a club member from his bar stool for allegedly stroking her thigh, an industrial tribunal was told. Page 3

Today's weather
Sunny with showers in Wales and western England. Fine in eastern areas after early fog has cleared. Section Two, page 25



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Former LWT chief to chair BBC

MARIANNE MACDONALD
Media Correspondent

Sir Christopher Bland, the former chairman of LWT, will succeed Marmaduke Hussey as chairman of the BBC board of governors in a move timed to coincide with the corporation's new charter.

The 57-year-old who was told of his appointment seven days ago will start duties on 1 April. Yesterday he vowed to fight to retain the BBC licence fee and to maintain the corporation's independence.

'The most important job of the chairman of the governors is to preserve its independence and impartiality. It's a quite different role to that of chairman of a normal company,' he said. Sir Christopher, who chairs

NFC, the former National Freight Corporation, will receive a £63,670 salary for the four-day-a-week job, which he said was his 'most challenging by a long way'.

The announcement yesterday came earlier than expected. Mr Hussey's five-year term of appointment was due to end on 5 November 1986. Government sources claimed that his premature step-down was not connected to the interview given by the Princess of Wales to *Panorama*. It had emerged that Mr Hussey had deliberately been kept in the dark about it by John Birt, the director-general.

Mr Hussey is said to have met John Major, the Prime Minister, two years ago, in order to warn him that he would not wish to continue as chairman when the new charter came into effect.

This was agreed last summer, when the search began for his successor. Names in the frame also included Sir David Scholey, a merchant banker, Lord Owen, former leader of the SDP, and Sir David Puttnam, the film producer.



Sir Christopher is a known and respected broadcaster after chairing LWT from 1983 to 1994, when it was taken over by Granada. It was there that he befriended Mr Birt, who was director of programmes.

His appointment is likely to be greeted with relief by BBC staff, who have viewed 'Dukie', as he likes to be called, as an out-of-touch and old-fashioned grandee.

Virginia Bottomley, the National Heritage Secretary, welcomed the announcement and warmly applauded Mr Hussey for having guided the BBC through 'testing but necessary reform'.

'Marmaduke Hussey's tireless stewardship has ensured that the BBC's traditions of quality programming will help guide British broadcasting into the digital future. Sir Christopher Bland is an outstanding successor,' Mrs Bottomley added.

However, the Labour Party protested about the way the absence of consultation about Sir Christopher's appointment warned of the need for him to maintain an independent stance.

Bluff patrician, page 2

Bluff patrician, page 2

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news

Bypass protesters rise to first victory

DANNY PENMAN

Protesters against the Newbury bypass celebrated a first round victory yesterday when they prevented contractors from starting work on the road.

The contractors had spent weeks making plans to establish two secure compounds on the bypass route in Berkshire – to serve as equipment stores – and more than 500 security guards had been hired to keep away protesters while they are built.

Before dawn yesterday, activists from the Third Battle of Newbury protest group blockaded the guards into their own compound when 20 campaigners erected and scaled 15ft high steel tripods in the only lane leading to where the guards were stationed, on a farm near Sulhamstead Abbots, 15 miles east of Newbury. Seven coachloads of security guards were left stranded.

The previous night a national telephone information net-

work was activated to summon anti-roads protesters to Newbury. They hoped that blocking the road from the farm would delay the security guards to allow more protesters to reach Newbury.

But they were more successful than they anticipated. The tripods were finally moved nine hours later when the protesters made way for an ambulance for two sick security guards. By then it was too late for construction work to begin.

During the day, some of the contractors decided to press on and prepare the ground for the compounds but the construction teams were turned back by protesters without incident.

Iai, one of the activists, said they had scored a "total victory". Tom Riall, area manager for Reliance Security, the firm supplying the guards, said they were unfazed by the protesters' actions. "We were surprised but we know there are going to

be delays. It's inevitable but it's nothing we've not come across before," he said.

By last night several hundred protesters had arrived at the camps along the bypass route. A transit camp has also been established for campaigners. There are now 12 camps along the route.

Last night the campaigners were preparing their plans for today's actions. Several teams set out to prepare roadblocks at strategic points. They hope to

delay the security guards again which will allow more people to reach Newbury.

They are also continuing their court actions to prevent evictions from a network of tree houses and tunnels.

The Department of Transport was told yesterday by the Third Battle of Newbury's solicitor, Liz Loughran, that it risks contempt of court proceedings if it approaches the camps too closely. A full hearing of the eviction proceedings is due to

begin on 26 January, Ian Blair, assistant chief constable of Thames Valley police, said he was preparing for a long series of protests but stressed police would be "bipartisan".

"We are neither for the bypass nor against it. We are for law and order and we will ensure that this is the case over the days, weeks and months ahead," he said.

Four people were arrested yesterday. Two were released without charge.

Labour hits at £300m NHS lay-offs

NICHOLAS TIMMINS
Public Policy Editor

The National Health Service has spent more than £300m on redundancy payments over the past five years as the Government's NHS reforms have taken effect, figures released by the Labour Party yesterday show.

Payments have risen almost ten-fold from £11.7m in 1990-91, the year before the reforms, to £115.8m last year, with more in the pipeline following the order by Stephen Dorrell, the Secretary of State for Health, to the NHS to cut £130m from its bureaucracy in the coming year.

The £300m total is enough to provide all the services that Manchester health authority buys in a year.

The figures come from Parliamentary answers by Gerald Malone, the Minister of Health, to Alan Milburn, Labour health spokesman, who claimed the redundancy bill was "sapping the health service's ability to deliver for patients".

The Department of Health said the costs were "the result of the war on bureaucracy" which was leading to millions of pounds being released for patient care. The abolition of the regional health authorities alone will release £150m a year, a departmental spokesman said.



Malone: Commons answer

counted for the majority of pay-offs at £75m, while the progressive merger of health authorities into new health commissions helped account for £24m.

Last year, Mr Malone told Mr Milburn that the largest single factor in district health authority payments was the closure of psychiatric hospitals as mental health services were organised into care in the community. Among the Trusts with the largest redundancy bills, a key factor was reviews of the skill mix of staff.

The biggest single pay-out was made by the troubled South Birmingham health authority which over two years spent £8m on redundancy.

Among Trusts, the Central Middlesex has spent £3.4m, the Wellhouse, also in Middlesex, £3.1m while the merger of Guy's and St Thomas's contributed to a £3.1m redundancy bill.

The scale of the payments follows criticism of the amounts

some trusts have spent in redundancy packages for senior managers. The Cheviot and Wansbeck Trust in Northumberland last year spent £524,000 – enough to provide 150 hip replacements – making its chief executive redundant, while the Greenwich and Buryham trusts spent £200,000 and £250,000 respectively in compensation payments to their departing chief executives.

Mr Milburn said yesterday that "only this government could make multi-million pay-offs a priority at a time when the NHS is crying out for more doctors and nurses. Even its pathetic attempt to cut down on bureaucracy has ended up costing the taxpayer a fortune".

The Department of Health said the redundancies had contributed to a higher proportion of NHS staff than ever before being engaged in front-line care.



Peking or bust: A 1932 Aston Martin 1.5 litre International belonging to Gerry Archer leading entrants in the Paris to Peking vintage car rally at Brooklands race circuit in Surrey yesterday

Photograph: Dillon Bryden

Women shortlists 'in effect dead'

JOHN RENTOU
Political Correspondent

Labour's policy of reserving parliamentary seats for women seemed in effect dead yesterday, as legal experts cast doubt on the party's immediate declaration that it was "almost certain" to appeal against Monday's ruling that the policy is unlawful.

One lawyer with experience of industrial tribunal cases said he thought Labour's chances of overturning the decision on appeal were "not good".

Peter Jenson, the part-time law lecturer who brought the

case against the party, warned yesterday that an appeal against Monday's ruling by Leeds Industrial Tribunal would be a "running sore" over the coming months, in the run-up to a general election.

Stephen Groz, an employment law specialist with the solicitors Bindmans, said an appeal would probably be taken under a fast-track procedure for urgent matters of public interest. "The Employment Appeals Tribunal might take notice of the fact that there might be an election fairly soon," Mr Groz said. An "expedited" ap-

peal case could be heard within one month, but might run for six months.

Another lawyer described Sir John Munnery, president of the Employment Appeals Tribunal, which would hear the appeal, as a "loose cannon, seriously unpredictable". But some Labour sources said that a defeat on appeal would compound the party's embarrassment, and Tony Blair, the Labour leader, has, in any case, always been unenthusiastic about the women-only policy.

Labour has suspended its remaining 14 women-only

selections while it decides whether to appeal, and will come under pressure from activists in a number of constituencies, where an all-woman shortlist has been imposed, not to do so.

But the position of most of the 34 women already selected from women-only shortlists is not affected by Monday's ruling, as most of their selections are now "out of time". Men can only challenge those chosen in the last three months.

The three women candidates whose selections were chal-

lenged by Mr Jenson and his co-appellant, Roger Dyas-Elliott, also appear to be safe. Although Mr Jenson said yesterday he thought the selection process should be re-run in the London seats he sought, Regent's Park and Kensington North, and Brentford and Isleworth, both he and Mr Dyas-Elliott said they would support the candidates already chosen.

"Ann Keen is an excellent candidate for Brentford and Isleworth, who I know personally," he said. But, because the process had been ruled unlawful, the party should run a fresh contest, he added.

IN BRIEF

Lifestyle linked to Alzheimer's disease

Scientists have established a link between lifestyle habits and the onset of Alzheimer's disease, it was revealed.

Preliminary findings from a team in the US, published in *Alzheimer's Research*, suggest that people are more likely to contract the disease at an early age if they smoke heavily. For heavy smokers with a low genetic risk of getting the disease, there seemed to be a link between the onset of Alzheimer's and alcohol. But the picture was reversed for non-smokers with a high genetic susceptibility where three drinks a day appeared to delay the disease.

The results, from scientists at the Department of Neurology at Boston University School of Medicine, were described as "very significant" by the Alzheimer's Research Trust.

Sams: new charges
Michael Sams, serving life for the murder of Julie Dart and the kidnap of Stephanie Slater, is to be charged with the attempted murder and false imprisonment of a probation officer during a surgery for prisoners in Whitefield jail, Julia Flack, the wife of the Archbishop of Canterbury, suffered neck injuries in the incident last October.

BBC's Christmas joy

The BBC scooped nine of the top 10 places in the Christmas Day ratings, according to viewing figures, with a special double edition of *Eastenders* taking the top two slots with 22.3 million and 19.5 million viewers. ITV secured fourth slot with *Coronation Street*, which attracted 17.4 million viewers.

Car tax fraud

Staff cuts at the Driver and Vehicle Licensing Agency have led to a rise in car tax evasion, says a report by the National Audit Office. Evasion has risen from 3.5 per cent of revenue in the 1980s to 4.1 per cent, representing £163m, while staff have been cut 4 per cent to 2,600.

Correction

Adrian Berry is the science correspondent of *The Daily Telegraph*, and not its industrial reporter, as reported in *The Independent* of 4 January.

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Marianne MacDonald profiles the outgoing BBC Chairman and his successor

Bluff patrician's 'no-nonsense' management

Marmaduke Hussey, 72, has said himself that he was amazed when, as he carried out an indeterminate and undemanding executive post at Times Newspapers, he got a telephone call from Douglas Hurd, the then Home Secretary, asking him to be chairman of the BBC.

It was September 1986; he had almost no experience of broadcasting and little idea what the job involved. "What about a brief?" he asked. "You'll find out when you get there," Hurd chuckled.

Hussey certainly did. He arrived amid a complacent bureaucracy, demoralised by poor leadership and sniping from the Thatcher government.

His solution was to fire the then director-general, Alasdair Milne. The move in 1987 earned him loathing from the staff – who blamed him, and still do, for the brutal manner in which he went about it.

It did not help when he announced in July 1991 that Milne's successor, Michael Checkland, would be replaced by his deputy, John Birt, in March 1993 – creating a 21-month vacuum at the top.

Hussey steam-rollered objections to Birt's appointment, and this annoyed staff too, after he became irresistibly associated with the cuts to the BBC.

Yet over the last two years, even Birt is said to have become fed up with him. Hussey ruffled his feathers by criticising the decision to screen John Major's

MARMADUKE HUSSEY

Panorama interview, in Scotland, three days before the local elections.

He also observed in 1994 that the BBC had slipped from the moral high ground in its search for sensational news. Most irritatingly, he was among the BBC governors who criticised Birt last year, after discovering a two-year, £55m redundancy programme had apparently left the corporation with more staff.

Hussey is a bowed giant who walks with difficulty following the amputation of his leg during the Second World War.

His wife, the former Lady Susan Waldegrave, is a lady-in-waiting to the Queen, which made his position rather sticky after the screening of that interview with the Princess of Wales – except Birt made it crystal clear that Hussey had not been told about the programme beforehand.

Mrs Hussey is also the sister of William Waldegrave, the Chief Secretary to the Treasury, which gives her an entrée to the highest political circles.

Hussey's manner is bluff and patrician, but despite his false modesty and his insistence that colleagues call him "Duke" (most refuse on principle) insiders maintain that he conceals a mind of some brilliance.

He is the only chairman of the BBC's governors – there have been 17 in its history – to have served a second term.



Sir Christopher Bland (above) and 'Duke' Hussey



Candidate who neatly met all the job criteria

One thing seems certain: the appointment of Sir Christopher Bland will be viewed as good news by staff at the BBC, by John Birt, the director-general of the corporation, and by Tony Blair, the possible future prime minister.

The appointment was made by the Department of National Heritage, which looked throughout the second half of last year before settling on Sir Christopher, who had all along been a front-runner.

They wanted someone with commercial experience (to take the BBC into its digital future); with regulatory experience (the main job of the governors is to regulate the corporation) and broadcasting experience.

Sir Christopher, 57, neatly had all these qualifications. He is a chairman of several large organisations, notably the Hamlyn Smith and Charing Cross NHS Trust, NFC, the former National Freight Corporation, and Life Sciences, a scientific equipment group.

He gained regulatory experience when he served as deputy chairman of the Independent Broadcasting Authority (1991) for most of the 1970s.

He is also deputy chairman of Nymex Cable Communications – from which he will resign – and chaired LWT when it was acrimoniously taken over by Granada, which left him at least £9m richer.

SIR CHRISTOPHER BLAND

He was already very rich, after having amassed a multimillion-pound fortune in 1991. It made millionsaires of many of his senior management; some observers viewed it with distaste.

The son of a Shell executive, Sir Christopher was born in Japan and led a nomadic childhood before going to school at Sedburgh, in Yorkshire, which ran a regime of cold baths.

National service and Oxford University were followed by spells at Currys and Singer sewing machines, culminating in his move to LWT in 1984, where he developed his reputation for not suffering fools gladly.

He is keen on fishing and skiing, and his impressive Winchester home is also the scene of many parties, with guests including John Birt.

He has earned the reputation of being work-driven. When asked why he had accepted the chairmanship of NFC (at £200,000 a year) when he was already a multi-millionaire he said simply: "They asked me."

It will be interesting to see how Sir Christopher comes to grips with the newly commercialised BBC, especially given the opinion of Greg Dyke, the partner with whom he ran LWT.

When Sir Christopher shouted, he said, the best idea was to shout back.

PC 'helped father in £20m gold conspiracy'

A policewoman helped her father in a £20m operation to smuggle 24-carat gold ingots from Belgium to Britain through the Channel ports, a court was told yesterday.

Constable Lucy Gilmore, 25, allegedly travelled with her father to the Continent "every other weekend" to bring back the one-kilogram bars.

Knightsbridge Crown Court was told that on each occasion the bullion was concealed in cars and never declared to Customs and Excise for Value Added Tax purposes.

It was then sold on by others involved in the 18-month conspiracy, possibly making more than £3m profit in the process because of the VAT that was then paid by the new owners, it was alleged.

Ms Gilmore, 25, of Bridgnorth, Shropshire, and another alleged courier in the operation, Surrinder Kumar, 32, of Sutton Coldfield, West Midlands, deny a joint charge of conspiracy to cheat by evading payment of VAT on the imported bullion.

Peter Rook QC, for the prosecution, told the jury that Ms Gilmore's father, Michael, 53, of Craithie, Aberdeenshire, had admitted his part in the affair.

Normally, because the price of gold was the same across the world, it did not make commercial sense to import it from abroad, he said. It only proved profitable when gold could be obtained from a tax-free source, smuggled abroad and then sold on with VAT added on.

Mr Rook said Belgium normally imposed only 1 per cent VAT on the precious metal, but



Law on trial: PC Lucy Gilmore denies smuggling charge

it was the Crown's case the smugglers avoided paying even that by pretending the real purchaser was an overseas businessman trading from Dubai.

He said Mr Gilmore, one of a number of couriers, was accompanied to Belgium by his daughter, who was stationed at Telford in the West Midlands at the time, on at least four occasions towards the latter end of

the conspiracy, which was ended in January 1993.

"It is the prosecution's case that when she accompanied her father she knew what was afoot and she was thereby assisting her father as courier," Mr Rook said.

He alleged Kumar was "one of the most prolific couriers", taking cash abroad and bringing gold back.

He acted as a "trusted lieutenant" to his elder brother, Jeevan Kanda, "the moving spirit behind this fraud".

Both men, he said, were involved in the jewellery business in the Midlands. Both Kanda and his girlfriend, another alleged courier, were now somewhere abroad.

Investigators had failed to discover the precise destination of the gold after it arrived in Britain, although Ms Gilmore allegedly told her former boyfriend, Robert Davis, that its eventual destination was Birmingham.

Mr Rook said Mr Davis, a trial witness, would tell the court how she travelled to Belgium with her father as often as every other weekend.

Mr Rook said that in one of her letters to her then boyfriend Ms Gilmore spoke of a trip to Belgium being a "change from my normal tedious routine" which would "give me a little extra cash".

"Why would Lucy Gilmore be receiving a little extra cash for going on a trip with her father?" he asked.

Mr Rook said all the gold was paid for in cash in Belgium, with a Birmingham deposit box being used to keep it in before the purchases were made.

A total of 107 gold purchases had been made in Belgium, Mr Rook said, after which it was smuggled by ferry or hovercraft through Dover and Sheerness using Audi and Volvo cars. Forensic tests revealed traces of "high purity" gold in a number of the cars. The trial continues today.

Take a right at the Doors ...



... take left at the Carpenters ...



... and end with Elton John



RICHARD SMITH

A farming community is trying to solve a bizarre mystery which has left a tiny village swamped with wacky road signs dedicated to pop stars.

It all started after Tony Dale, a farmer, innocently put up a makeshift warning sign saying "Mud" on the main road through Preston on Wye, near Hereford. Soon afterwards, another sign appeared nearby bearing the word "Showaddy-waddy", and during the past three weeks more than 30 home-made signs have sprouted up on a mile-long stretch of road through the village (population 250).

They include: a pair of jeans hanging from an oak tree with a sign saying "Swinging Blue Jeans"; a pile of sand, mixed with driftwood and pebbles bearing with the words "Sandie Shaw"; the lower half of a tailor's dummy wearing knickers and a pair of wellington boots, labelled "Nancy Sinatra"; a lavatory sprayed with the word "Loolu"; and a sign pointing to a field full of swedes which says "Abba".

The caper even extends to a sign greeting motorists with the words "ELO and welcome to Preston".

Almost every day villagers wake to find new signs have sprung up, but no one knows who is responsible.

"It all started because the farmer who put up the Mud sign didn't include the words 'on road'," said Mike Smith, a local builder. "So some witty bugger

stuck up sign saying Showaddy-waddy who were Mud's rival band in the Seventies.

"Since then the signs have been getting more and more witty. The great thing about it is nobody knows who is behind it. Some people have said its dangerous because motorists are slowing down to read the signs. But this is the best traffic calming measure Preston has ever had."

One of the prime suspects is the local councillor Harry Hancock, 64, a retired BT engineer.

"For some reason they keep blaming me but I'm definitely not guilty," he said.

"I think most people find it very amusing but I suspect the last act will be made by the police or the highway authority ordering the Move."

Woman golfer labelled 'Ali' after punch-up

A champion lady golfer was dubbed "Muhammad Ali" after punching a club member from his bar stool, an industrial tribunal heard yesterday.

The story quickly spread of how the blonde Philomena Vaughan swung into action when John Price, a businessman, allegedly stroked her thigh at a trophy presentation ceremony.

Jean Evans, a part-time assistant at the Dewstow Golf Club shop, which Mrs Vaughan managed, told the Cardiff hearing of jokes that were made about the incident afterwards.

"Philomena was laughing about it," said Mrs Evans. "She was talking to a shop rep and saying members were calling her Muhammad Ali. That's how word got around other clubs."

Mrs Vaughan, 42, a mother of four, three times club champion and a county player, was later sacked for gross insubordination, the tribunal has heard.

She is claiming unfair dismissal and sexual discrimination by the £450-a-year Dewstow Club at Caerwent, Gwent, where she had worked for five years. Her case is being backed by the Equal Opportunities Commission.

Jonathan Harris, a partner in the family-run club with 800 members, agreed that he had also chuckled at first when told about the incident - but that he then realised the implications.

After rumours and gossip about the row, the club management had tried to settle the

matters between Mrs Vaughan and Mr Price, 49, who strenuously denies touching her.

"There was a bad atmosphere and something needed to be done about it," said Mr Harris.

Mrs Vaughan was suspended from playing golf at the club but kept her job at the shop, pending an investigation.

Although there was no dispute that Mrs Vaughan had struck Mr Price, the club had been unable to find any witnesses who saw what caused the incident, said Mr Harris.

The tribunal heard she was dismissed two months later, after launching a "tirade of abuse" against Elwyn Harris, the club committee chairman.

She was also alleged to have called the club's ladies' captain Mary Fuller an "old bitch" after being told she would no longer be allowed to collect a trophy on behalf of the club.

Giving evidence, Mrs Fuller said Mrs Vaughan had been a friend. Their relationship had soured because Mrs Vaughan had mistakenly believed she was taking the management's side, the tribunal heard. "I told her that I was ladies' captain and had no responsibility whatsoever to management on employment matters. I said I would never be responsible for her losing her job."

Mrs Vaughan, a 14-handicap golfer, of Rogiet, near Newport, is expected to give evidence when the hearing resumes today.

Police investigate death of Scottish football stalwart

JOHN MCKIE

Police and gas engineers were last night investigating the deaths at home of the captain of Scotland's leading First Division football team and his girlfriend.

Norrie McCathie, 34, and Amanda Burns, 26, a hairdresser, were found dead on Monday evening at McCathie's home in Fife, when McCathie's business partner John Watson and a friend, Geoffrey Menzies, became worried after he missed training on Monday.

They broke into the farm cottage in Crossford at around 6pm to find the pair fatally poisoned by gas fumes. Post-mortem examinations yesterday showed that both died of carbon monoxide poisoning and gas engineers were last night examining the cottage. Five police said there were "no suspicious circumstances".

Watson and Menzies were accompanied by Julie Gillies, daughter of the club director Andrew Gillies. On Sunday, the Scottish Sunday Mail reported that she was pregnant with McCathie's child, something he denied.

Fans and players paid tribute to McCathie, who played for Dunfermline Athletic for the past 15 years, captaining the side for the last eight. He helped the club to promotion three times, including two seasons in the Scottish Premier League, and led the side out at Hampden in the 1991 League Cup Final.

Next Tuesday he had been due to make his 500th League appearance in a Dunfermline shirt. The club, which tops the Scottish First Division, postponed last night's away fixture against Dumbarton, and Saturday's home game against Clydebank also looks doubtful.

The two pubs in the area owned by McCathie were also closed last night as a mark of respect.

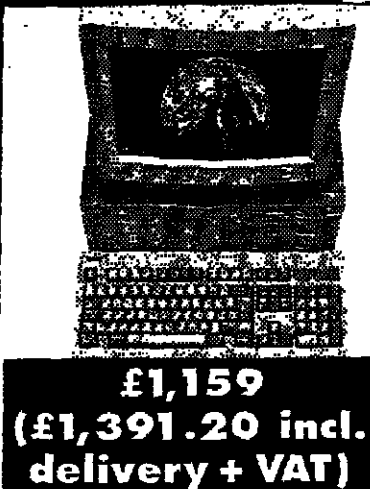
Jim Leishman, a former Dunfermline manager, said yesterday: "He was a winner as well and he was like a rock in our defence. To be with one club for 15 seasons is rare these days and he was a hero with the Dunfermline fans."

The club secretary, Paul D'Mello, said: "There is just absolute devastation here today. He was like the bricks of the club. We are all just devastated."



Amanda Burns: Found dead in farm cottage

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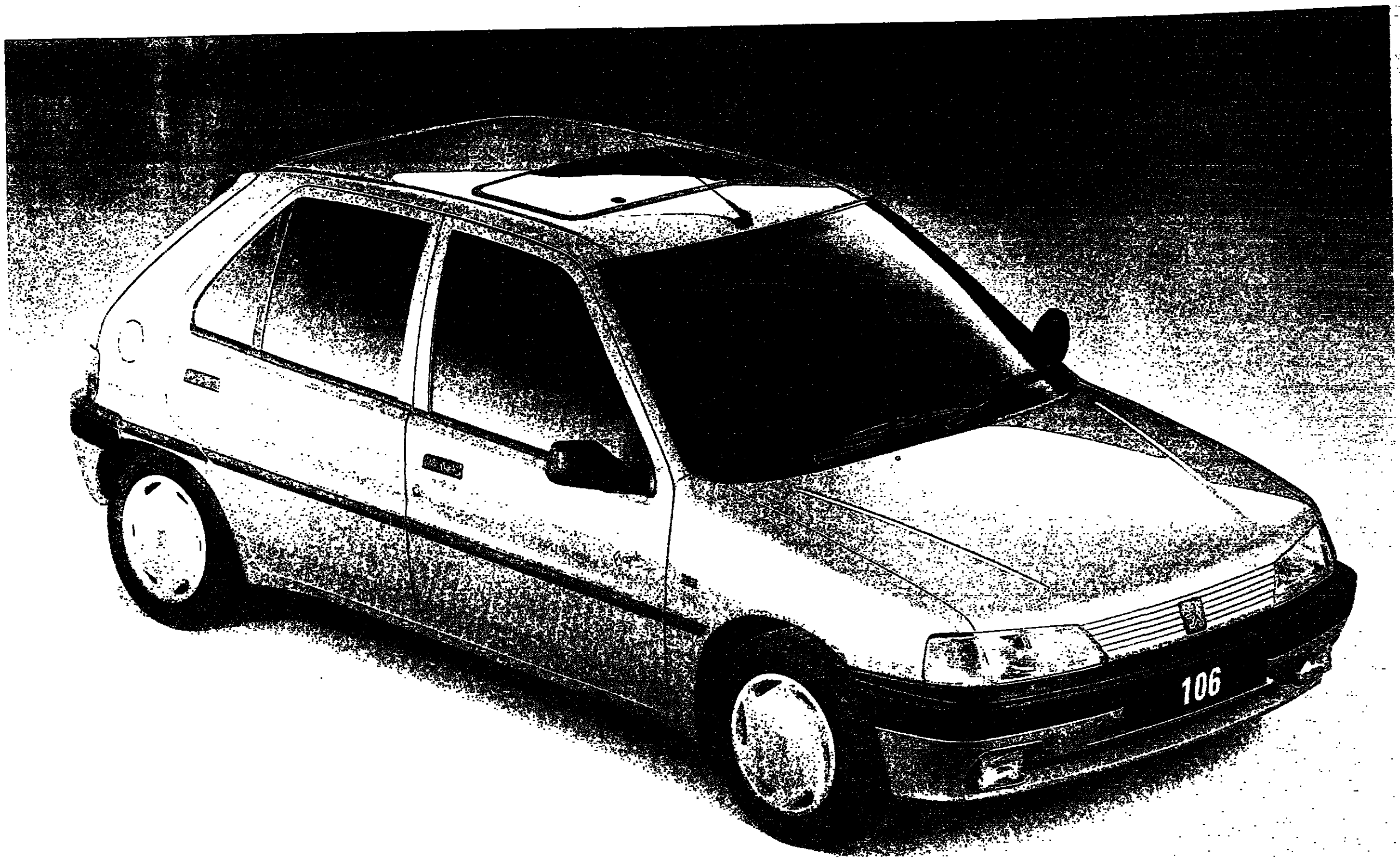
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John Smith

Lloyd Webber shows aspects of Picasso



Borrowed and blue: Sir Andrew with his £18m picture of the painter Angel Fernandez de Soto at the National Gallery Photograph: Glynn Griffiths

JOHN MCKIE

Sir Andrew Lloyd Webber yesterday put a Picasso painting — which he bought for more than £18m — on show to the public at the National Gallery.

The painting, from the artist's "blue period", was bought by the composer for £18,045,500 at Sotheby's in New York and is the most expensive painting to have been sold at auction since 1990. He has lent it to the National Gallery for the next six months and for "three to four months" a year until the turn of the millennium.

The painting dates from 1903 and depicts Picasso's friend and fellow artist, Angel Fer-

nandez de Soto, smoking and drinking in a Barcelona café. De Soto was described by Picasso as "an amusing wastrel".

A keen collector, Sir Andrew yesterday revealed why he had bought the painting for his Art Foundation and he also hinted at plans to open a collection of work he has bought, which includes Canaletto's *Horseguards of the Parade*, on which he spent around £10m in 1992, and which is currently on loan to the Tate Gallery.

Sir Andrew said: "The Picasso was part of a jigsaw of which there are a lot of parts missing. Very good pictures don't come up on the market very often and I don't know of

any others of this quality to have come up."

"I would like to have all my collection in one place, one day but it would take tremendous organisation. In addition, a lot of the pieces have been with me since I was young and I like having them around me."

Sir Andrew also revealed that he had failed to buy the last major Picasso work on sale, *La Picasso*, when it was sold in 1989 for £32m.

Neil MacGregor, director of the National Gallery, was delighted. He said: "It's one of the greatest portraits of one of the greatest artists of the twentieth century. It's a terribly generous loan."

Breast scans for elderly may save 2,000 lives

GLENDIA COOPER

Up to 2,000 lives a year could be saved if routine breast cancer screening was extended to older women, according to the charity Age Concern.

Widespread ignorance among older women also meant that they were not aware that they were at risk despite the fact that two-thirds of deaths from the disease occur in women aged 65 or over.

Unlike their counterparts aged 50 to 64, older women are not invited for three-yearly screenings through the NHS breast screening programme, but they can request one.

However the survey of more than 1,000 women aged 65 showed that 70 per cent of women are unaware that they are entitled to request a screening, largely believing this right lies with younger women. Government figures show that less than half of one per cent of older women take up this entitlement every year.

Even those who do ask for a screening may be turned down — 2 per cent of respondents said they were told that screening was not available or were refused the service.

Age Concern's report, *Not At*

My Age, also showed that 64 per cent of respondents considered themselves "not very much at risk" from breast cancer and more than a quarter (28 per cent) believed that they were at "no risk at all". More than half had never had a mammogram.

The director-general of Age Concern, Sally Greengross, said: "These findings paint a very bleak picture for older women. The current system does not adequately cater for those women most at risk. Up to 2,000 extra lives a year could be saved if screening were extended to older women. It is vital that they are made aware of their rights to the screening service. It is unacceptable that their ignorance may kill."

The charity is calling for the NHS breast screening programme to be extended so that all women over 65 are included in invitations for screening.

The shadow health minister, Henry McLeish, said Labour was concerned at the number of older women who were not being offered screening or being refused the service.

Breast cancer caused 5 per cent of all deaths in women, he said, and many could be prevented. "The Government is failing to meet its own targets

for reducing the number of deaths from breast cancer."

But Julietta Patrick, national co-ordinator of the NHS breast screening programme, said that they had funded an educational drive with Age Concern to inform older women of their right to screening. "However I must emphasise we are not yet in a position to start including older women in the automatic call and recall system," she said.

The programme prides itself on strict evaluation of new developments before they are fully incorporated. That is why we have welcomed the pilot programmes into increasing the screening age which are being set up in Wakefield and Brighton.

Breast cancer was also the subject of controversy after cancer specialists questioned the value of the Government's screening programme.

Professor Gordon McVie, scientific director of the Cancer Research Campaign, and Professor Michael Baum, a consultant surgeon at the Royal Marsden Hospital, London, said in September that the Government should reconsider the value for money of a programme that costs £27m a year.

Nursery education: Tories plan new performance measures

Voucher scheme 'will not guarantee' places

JUDITH JUDD
Education Editor

Four-year-olds are not guaranteed a nursery place under the Government's voucher scheme, ministers admitted yesterday. And some nursery schools will be able to operate for up to a year before they are inspected, Robin Squire, the schools minister, said.

Mr Squire insisted vouchers would increase the number of nursery places, but added: "It is impossible to say that on 1 April next year every single four-year-old will have a place."

Mr Squire said providers of nursery education would be required to fill in forms saying what education and staff they could offer before they were allowed to receive vouchers. "Self-assessment will deter the frivolous," he said. He admitted it would be possible for them to operate for up to a year offering education that might later be pronounced inadequate: "There is a trade-off between the necessity of having large numbers of providers and the importance and timing of inspection."

The £1,100-a-year vouchers for parents in four pilot local authorities will be issued in the next two weeks.

David Blunkett, Labour's education and employment spokesman, said: "Three of the four local authorities have said that they are unable to guarantee a place in return for a voucher. Where there is no place there can be no choice."

"The proposed inspection regime, which during the first year will only require providers to validate themselves, is hardly a guarantee of high-quality provision," he questioned whether the Office for Standards in Education would be able to cope with the workload created by the scheme.

The office is still struggling to inspect all primary schools. There will have to be 12,000 inspections of private and voluntary nurseries in 1997, and 4,000 additional inspectors will be needed for day-long visits to nurseries.

Mr Squire said inspection would be "light touch, not soft touch". All private and voluntary providers would need to be registered under the Children

Act, safeguarding health and safety. Those that failed to come up to scratch would lose their validation and close at once, though parents' voucher money would not be refunded.

Fewer than half existing playgroups are expected to apply to join the voucher scheme. The rest believe they do not yet meet the Government's standards.

Margaret Lochrie, chief executive officer of the Pre-School Learning Alliance, said: "We will do all we can to create the new places which are required for four-year-olds, but more funds are needed to train additional staff and for new premises."

All nursery education providers will have to show that they are working towards goals for what five-year-olds should know. The goals, drawn up by the School Curriculum and Assessment Authority, include first steps towards literacy and numeracy and a sense of right and wrong. Vouchers will be sent out each term by an agency, which will write to eligible parents through the Child Benefit Centre. Parents will have to complete a form and return it to the agency.

Tests for five-year-olds are given go-ahead

JUDITH JUDD

Children will be tested at five or earlier under proposals announced by the Government yesterday.

Robin Squire, the schools minister, said the Government had not yet decided whether testing five-year-olds would be voluntary or enforced by legislation. Voluntary tests could be introduced next September but compulsory ones could not be in place until 1998.

Gillian Shepherd, the Secretary of State for Education, has asked her advisers on the curriculum and testing to look at ways in which schools are testing five-year-olds.

At present most schools test five-year-olds to find out their weaknesses. Ministers want to

use tests to measure schools' and children's progress as happens in local authorities such as Birmingham. Schools' success would be judged by the progress children made between the ages of five, seven and eleven. Tests for 7- and 11-year-olds are already in place.

Doug McAvoy, general secretary of the National Union of Teachers, said: "Any attempt to substitute simple tests for some of the excellent local authority schemes will merely diminish the quality of assessment."

Pupils will be tested on the basis of goals for five-year-olds drawn up by the School Curriculum and Assessment Authority. Marian Whitehead of the Early Years Curriculum Group said: "This is backwards to basics and can only lead to

selling five-year-olds short and turning them off learning for life."

Goals or "outcomes" include: personal and social development: children to be confident, show self-respect, take turns and share fairly; language and literacy: know print reads from left to right, recognise own names and some familiar words; maths: use numbers to 10 and be familiar with bigger numbers in their everyday lives; knowledge and understanding of the world: talk about where they live, their environment, their families, past and present events in their own lives; use computers: physical development: use small and large equipment; creative development: use their imaginations through art, music, dance, stories and play.

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news

Chinook's engines 'failed' before fatal crash

JOHN ARLIDGE

The Chinook helicopter which crashed on the Mull of Kintyre, killing elite counter-terrorist officers from Northern Ireland, may have suffered mechanical problems just before it struck a mountain and exploded killing the 29 people on board.

An eyewitness who saw the aircraft plough into the 1,400ft Beinn na Lice on the tip of the remote peninsula told the offi-

cial inquiry into the accident yesterday that he could not hear the aircraft's engines as it flew over his head. Russell Ellacott, 35, who was on a cycling holiday on Kintyre, said he felt a downdraft from the helicopter's rotors but could not hear any noise from the engines.

The Chinook, flying from Belfast to Inverness, was so low that he could feel "a heat" from the craft and ducked to avoid it. Seconds later he heard

a dull thud as it crashed close by him into a mist-shrouded hillside smashing into the slopes of the mountain, disintegrating "like a fireworks display".

Mr Ellacott, from Sussex, is the only person who saw the US-made aircraft crash. Lawyers representing the two pilots, whom the Ministry of Defence blame for the crash, regard his evidence as crucial. They argue the accident in June 1994, the RAF's worst-ever helicopter disaster,

was the result of mechanical, not pilot, error.

They will present evidence to the inquiry in Paisley that the helicopter suffered an engine "flame out" moments before the crash. Tests carried out by RAF safety experts weeks before the accident uncovered flame-outs on other Chinooks and test flights were suspended. Chinooks already in service, however, continued to fly.

Further evidence of me-

chanical problems emerged yesterday from a witness who described how the Chinook was flying dangerously low and making "a peculiar noise" as it left Northern Ireland. Anne Tyler, 40, from Carnlough in County Antrim, described how the twin-rotor craft "skimmed tree tops, roof tops and chimney pots" as it left the Irish mainland.

"The helicopter was up the glen from our house, and was

flying very low," she said. "It was a very loud noise. There was something strange about it. It wasn't a familiar noise."

She conceded she was not an aviation expert but she said she had heard military helicopters in the province before and when the Chinook came overhead she had "a gut feeling" something was wrong. "There was something strange about the noise." At the time she recalled that she thought the

helicopter's two rotors might be "out of sync".

Mark Holbrook, 39, turned his attention from the helicopter once he realised it was not taking part in sea manoeuvres in his immediate vicinity, and did not see the crash happen. But he saw it flying straight and level at a height of 200ft to 400ft, as if it was heading for the nearby RAF Macrihanish airbase.

Mr Holbrook, a scientific in-

strument maker from Stewarston, Strathclyde, told the inquiry he could see the helicopter from about a quarter to half a mile away, its landing gear, markings and flashing light all clearly visible.

He told the inquiry: "If you are seeking to establish whether the pilot could see the location of the Mull lighthouse, yes, I believe he could."

The inquiry at Paisley Sheriff Court continues.

Women join boardroom elite but 'glass ceiling' holds firm



First lady: Clara Freeman, who has been appointed to the board of Marks & Spencer

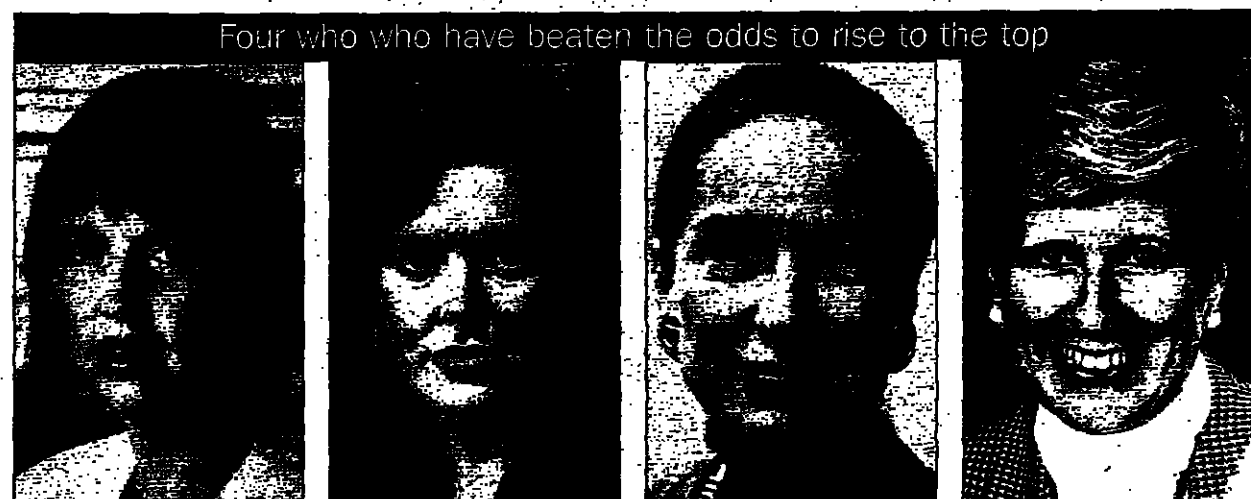
ROGER TRAPP

The appointment this week of Clara Freeman as Marks & Spencer's first female executive board member elevates her to an exclusive club. According to surveys, there are just two other female executive directors of FTSE-100 companies, Kathleen O'Donovan and Rosemary Thorne, finance directors respectively of J Sainsbury and the industrial conglomerate BTR.

Although news of Mrs Freeman's promotion came at the same time as Rolls-Royce Motor Cars' announcement that it was appointing its first woman executive board member - Christine Gaskell, who joins from Fisons - there is little evidence that women are finally breaking through the "glass ceiling" which stops them progressing to the very top of the career ladder.

Indeed, in 1994 the Institute of Management (IoM) produced a shock report showing that the proportion of women managers in British industry had dropped after 21 years of successive rises. The long-term trend was resumed last year, however, with another rise - from 9.5 per cent to 10.7 per cent - while the figure for women on the board hit a new peak of 3 per cent.

Roger Young, director general of the organisation, said this was still not sufficient. "There are not enough women at board level by a long shot. They bring a different perspective and different talents, and represent 50 per cent of society, so should be up there." He is, however, encouraged that more women appear to be aspiring to board positions - they account for at least half of the participants on many of the management



Four who have beaten the odds to rise to the top

NICOLA HORLICK: Managing director of BTR, this hard-working 37-year-old won favour with senior management of this famously cost-conscious organisation with her business acumen. BTR controls Dunlop and has a turnover of nearly £1.0bn. O'Donovan helped to complete BTR's £1.5bn bid for Hawker Siddeley. Colleagues say she likes to "get on with the job" - something that apparently means regular 13-hour days. A keen Manchester United supporter.

KATHLEEN O'DONOVAN: Chief executive of Laura Ashley, she has long experience of retail, both in her native US and in Britain. Appointed vice president of Bloomingdale's in 1984. Six years later, lured to Britain to turn round British Home Stores, a performance that established her reputation in this country. Became chief executive of Mothercare for two years before returning to the US. Aged 51, she relaxes with "easy fiction, the theatre and gardening in Arizona".

ANN IVERSON: Chief executive of Laura Ashley, she has long experience of retail, both in her native US and in Britain. Appointed vice president of Bloomingdale's in 1984. Six years later, lured to Britain to turn round British Home Stores, a performance that established her reputation in this country. Became chief executive of Mothercare for two years before returning to the US. Aged 51, she relaxes with "easy fiction, the theatre and gardening in Arizona".

ROSEMARY THORNE: Finance director of J Sainsbury since March 1992, she is also a council member of the Chartered Institute of Management Accountants. Aged 44, she was group financial controller at Grand Metropolitan for two years before that and has been financial director and company secretary at Harrods and in the finance department at Storehouse. Fellow of the Association of Corporate Treasurers and involved with the Prince's Youth Business Trust.

courses that the IoM organises. The Institute of Directors, which stresses that it does not favour positive discrimination, reports a 70 per cent increase in the number of women directors attending its development courses. The number of women members of the organisation, meanwhile, has grown by about 30 per cent in the past year, so that they represent about a tenth of the 35,000-strong UK membership.

Opportunity 2000, the organisation that promotes women in business, was also encouraged by a doubling of the proportion of women managers among its 295 members in its fourth year of operation ending last November.

However, women still account for only 1 per cent of main board positions, and Liz Bargh, director of Opportunity 2000, believes there is a lot of work still to be done. "We just have

to keep on saying that this is a serious business issue."

All concerned agree that among the biggest barriers to women's promotion are the "boys club" attitudes and the long-hours culture prevalent in British industry.

This view was thrown into fresh relief yesterday when the top businesswoman Prue Leith attacked the "stupidity" of working long hours, which she said discriminated unfairly against

women. Many male managers were playing a "stressful power game" by starting work at the crack of dawn and staying late in the office, she complained.

Ms Leith, who founded a successful catering company and is a non-executive director of several companies, said she had suggested at a recent board meeting that executives should set an example by leaving work at 5pm to spend time with their families. Leading article, page 14

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Duo's nude art advert upheld

MARIANNE MACDONALD
Media Correspondent

The debate over nudity in advertising - and art - reignited yesterday when the Advertising Standards Authority refused to uphold complaints that Gilbert and George's *The Naked Shit* Pictures were offensive.

The ageing duo's controversial exhibition last August at the South London Gallery featured 16 enormous photographs of excrement and pictures of the artists naked, one showing their anuses.

It was promoted with an ad-

vert showing a full-frontal nude photograph of Gilbert and George in both *Time Out*, the London listings magazine, and *The Big Issue*, which campaigns for the homeless.

Unfortunately, the explicit picture attracted the ire of the home counties - Hampshire and Berkshire, to be specific - where two complainants objected to the title of the exhibition and to the advert for it.

The ASA did not uphold their complaints. "The advertisers believed that nudity, a recurrent theme in artistic expression throughout the his-

tory of art, was not generally thought offensive," it said.

"They said the title of the exhibition was included in the advertisement partly to reflect the type of art on show, which pictured naked people and excrement."

Ironically, the finding could be viewed as a defeat for the pair, who for years have tried to shock the art world and the public. This has led them to the public lavatory, and associated images of masturbation.

A second ASA ruling criticised Berle for suggesting sports bras could prevent

breasts drooping in later life. Its advertisement asked: "If you don't wear a Berle sports bra what shape will you be in?" and featured an illustration of a skipping rope shaped to outline a pair of sagging breasts.

Twenty complainants argued that the illustration was offensive and that the sports bras could not prevent drooping in the long term.

Although the advertisers submitted a survey showing that 80 per cent of GPs agreed that sports bras could alleviate drooping breasts, the ASA said there was insufficient evidence.

Nature reserve threatened by drought order

NICHOLAS SCHOON
Environment Correspondent

Drought-hit Yorkshire Water wants to take millions of extra gallons a day from the river running through a wetland which the Government yesterday proposed as an outstanding European nature site.

Conservationists say that if the Government grants the company an emergency drought order to take extra water from the Derwent, south-east of York, it could have a disastrous impact on the valley's ecology and large bird population.

There will be a public hearing next Tuesday into Yorkshire Water's application to raise the limit on what it can extract at two pumping stations in the Lower Derwent Valley from 305,000 tonnes a day to 360,000, an 18 per cent increase.

If granted, it would last six months - enabling the company to build up stocks until the summer. But Yorkshire Water is also applying to the National Rivers Authority to raise the limit for a three-year period.

Yesterday, the Environment Secretary, John Gummer, said the valley should be one of a further 75 Special Areas of Conservation (SACs) under the European Union's habitats directive. These are the wildlife

sites which get the highest level of legal protection from development and damage under British law. Last year, the Government sent a list of 136 sites to the European Commission for inclusion in the directive.

The list proposed yesterday also includes Dungeness in Kent, Orford Ness in Suffolk, Epping Forest, north-east of London, Salisbury Plain, Flamborough Head in Yorkshire, Lundy, the Scilly Isles, the Avon Gorge woodlands in Bristol, Dartmoor, and the large area of sand dunes at Braunton Burrows, Devon. Scottish sites include Rannoch Moor and the flow country of the far north.

In the Derwent Valley, thousands of bird overwinter including 23,000 wildfowl and more than 15,000 waders, golden plover, teal, wigeon, pochard, shoveler and whimbrel. In the summer, several other birds breed in the damp meadows, including lapwing, snipe, curlew and redshank. There are also breeding otters.

The Royal Society for the Protection of Birds strongly opposes the application. "There is a great danger of a major impact on the wetland," the conservation officer Kevin Bayes said. "Removing the water is a little like switching off the life support system."

DAILY POEM

CeaseFire

By Michael Longley

I
Put in mind of his own father and moved to tears
Achilles took him by the hand and pushed the old king
Gently away, but Priam curled up at his feet and
Wept with him until their sadness filled the building.

II
Taking Hector's corpse into his own hands Achilles
Made sure it was washed and, for the old king's sake,
Laid it out in uniform, ready for Priam to carry
Wrapped like a present home to Troy at daybreak.

III
When they had eaten together it pleased them both
To stare at each other's beauty as lovers might,
Achilles built like a god, Priam good-looking still
And full of conversation, who earlier had sighed:

IV
"I get down on my hands and knees and do what must be done
And kiss Achilles' hand, the killer of my son."

Michael Longley, the third TS Eliot Prize short-listed poet to be featured in the Daily Poem this week, was the Poetry Book Society Choice last summer for his collection *The Ghost Orchid* (Cape). It is magical verse, whether Longley's pen is poised in his easy and free translations of the *Iliad* and the *Odyssey*, or in creating tiny, deft, calligraphic miniatures of words and movement. Just ahead of the announcement of the winner, Michael Longley and his nine fellow short-listed poets will be reading at the Almeida Theatre, Islington, London N1, on Sunday 14 January.

Ticket Offer

The Independent, with the Poetry Book Society and the Almeida Theatre, is pleased to make an exclusive two-for-one readers' offer to attend the readings by the TS Eliot short-listed poets. The readings will take place at the Almeida Theatre on Sunday 14 January from 7pm. Ticket prices are £4 or £6. To take advantage of this offer, simply call the Almeida on 0171-359 4404 quoting "Independent Offer". Independent readers will also be offered discounted membership of the Poetry Book Society in Saturday's edition, and a complete set of the short-listed books will be available to the first 10 applicants.

0171 580 2020

Nicholson's return: 'Come on in, the water's lovely,' convert tells old colleagues



Watchful eye: A policeman looking on as Emma Nicholson prepares to enter the House of Commons yesterday

Photograph: Nicholas Turpin

Determined Nicholson runs gauntlet

PATRICIA WYNN DAVIES

"With a string in his nose like a pig going to market" was Emma Nicholson's most graphic description yesterday of the pull of the Tory right on the Prime Minister.

That damning put-down, delivered on ITN's lunchtime news during a packed day of media appearances, ranked if anything worse on the Richter scale of Tory disapproval than anything she said about her more obvious enemy, Michael Portillo. The Defence Secretary was, to paraphrase, a cowardly gangster, or cowardly creep, depending on the broadcast.

The Devon West & Torridge

MP had risen at 6am with a steely determination. Within the hour she was over at the BBC Radio 4 Today studio, pouring scorn on Mr Portillo's tenth anniversary celebration at London's Alexandra Palace and lashing out at the "Portillo gang" which was dragging the Tory party behind it.

Like Admiral of the Fleet, Lord Hill-Norton, she thought him "something like" a creep, only a cowardly one as well because he didn't like the flak.

Several interviews later, it was back to her Pimlico flat for a hairdo, before meetings with her secretary Barbara Stevens and Archie Kirkwood, the Liberal Democrat chief whip.

On the way to an 11.30 photocall at Westminster's St Stephen's entrance came a chance encounter with Alan Howarth, the Stratford-upon-Avon defector to Labour. Prepare to run a very unpleasant gauntlet he warned through an embrace.

Ms Nicholson urged erstwhile Tory colleagues: "Come on in, the water's lovely. Once you have swum through the filth spewed out by Central Office, you find you're in clean water and you can swim freely and say what you think."

Eschewing what the Liberal Democrats decided would be a "tacky" grand entrance to the Commons chamber, the MP

was quietly escorted in at prayers by Mr Kirkwood and Menzies Campbell, the Liberal Democrat foreign affairs and defence spokesman.

She remained in her seat flanked by successive ministers through defence and Prime Minister's questions until after Home Office minister Ann Widdecombe had completed her statement on the shacking of pregnant Holloway prisoners.

Only Nicholas Soames, the defence minister, felt moved to make a joke at the expense of a beleaguered government. "May I wish you a happy new year Madam Speaker," he told Betty Boothroyd "as indeed do all wings of the Tory party".

Ms Widdecombe's performance meanwhile served to reinforce Ms Nicholson's belief that all the bile and opprobrium from former colleagues had been worth it. "I found [the statement] quite shocking in its divorce from the feelings of most people in a civilised society," she said afterwards.

"She just kept repeating like a mantra that the medical profession could recognise when labour was about to begin as if that were somehow a justification. I almost felt I was living in Nigeria."

On the opposition benches you can see the harshness and the somehow galling laughter of some of the men behind her.

Defiant Major tries to focus Tories on poll

DONALD MACINTYRE
Political Editor

John Major yesterday launched a valiant effort to focus his party on the coming electoral battle with Labour, as its latest defector, Emma Nicholson, took her Commons seat among delighted Liberal Democrat MPs.

Mr Major brushed aside calls from Tony Blair, the Labour leader, for an immediate election and opposition gibes about Miss Nicholson's departure to declare that Labour had no response "to the economic prospects that lie ahead of us".

Mr Major went out of his way to reassure his own supporters that the Government had every chance of lasting a full term by asserting that the Government's "legitimacy might have something to do with the largest popular vote ever recorded at the last election - and a majority in this House".

He declared of Miss Nicholson's defection, which has sparked off a fresh wave of infighting between the party's left and right wings: "I believe

that she has made a decision which she will come to regret. But she has made her decision and she will have to live with her decision both in the short term and the long term."

The exchanges came as government whips - inevitably taking some of the blame for the second defection within three months - discreetly sought to assure MPs in their charge that any MPs with doubts would be received sympathetically if they wanted to talk them over. The move is designed to prevent any further defections after that of Miss Nicholson and the born-again Labour MP Alan Howarth.

Mr Major declared: "As far as the matters of concern to the people of this country are concerned, I will say what they are: mortgage rates, the lowest for 30 years; the basic rate of tax, the lowest for 50 years; unemployment falling more rapidly here than anywhere else in Europe; inflation, lower than for 50 years. These are the matters you used to attack this party about. They are now being solved to a better extent than at

any stage in the past and you have no response."

Mr Blair condemned Mr Major for having once again - in a weekend interview - raised the prospect of privatising the Post Office and asked: "Isn't it obvious the only reason Post Office privatisation is back on the agenda is to placate that faction of the Conservative Party that wants to privatise anything and everything."

"Isn't it precisely because the whole business of your Government is now about pleasing that faction of the Conservative Party, that the country has given up on the Conservatives as a serious party of government?"

Mr Major provoked a fresh Labour onslaught by suggesting that on his recent trip to the Far East Mr Blair might have done well if he had travelled on the privatised Japanese railway, "which you and your colleagues oppose". Brian Wilson, a Labour transport spokesman, swiftly responded in a letter saying that more than 80 per cent of Japan's rail network was in public ownership.

Chaining women backed

HEATHER MILLS
Home Affairs Correspondent

Ministers have rejected hospital proposals which would have ended the controversial practice of shackling pregnant women prisoners to prevent escapes.

Medical staff had offered to take midwifery services into Holloway prison, north London, rather than force the mothers-to-be to wear chains when they attended Whittington hospital for ante-natal care.

But yesterday Anne Widdecombe, prisons minister, defended the shackling policy, which has caused a furore since prison inspectors walked out of Holloway prison in disgust at "over-zealous" security and ap-

palling conditions. She said it was better for the women to attend hospital.

Ms Widdecombe told the Commons shacks were necessary to prevent prisoners from escaping. "Some MPs may like to think that a pregnant woman would not or could not escape. Unfortunately this is not true."

"The fact is that hospitals are not secure places in which to keep prisoners, and since 1990, 20 women have escaped from hospitals."

Secretly filmed footage, broadcast on Channel 4 last week, showed a Holloway prisoner, named only as Annette, shackled to warders only an hour after giving birth. Witnesses said she had been re-

strained when she was having contractions.

Ms Widdecombe said it was not policy to restrain women during labour and claimed that in Annette's case, once full labour had been established, she had not been shackled.

The Prison Service has a duty of care to the mother, but this must be balanced against the needs of the service to keep all prisoners, including pregnant women prisoners, in secure custody," she said.

Jack Straw, Labour's Home Affairs spokesman, said it was "degrading and unnecessary" for a woman to be shackled at any stage of labour. He said that no prisoner in labour had ever escaped.

Bill 'could protect regimes of terror'

Michael Howard's white list of countries whose citizens he believes at no serious risk of persecution could be used as a "mask of respectability" behind which human rights abuses continued unchecked, a Commons committee was told yesterday.

Opposition MPs on the committee currently dissecting the Asylum and Immigration Bill are pressing for safeguards to the summary treatment proposed for would-be refugees from countries on the list.

"In their absence, we are putting at risk the lives and the bodies as well as the liberties of applicants for whom we get it wrong," Keith Hill, Labour MP for Stratham, said. "The effect of what is proposed [by the Government] is to override individual rights in favour of collective convenience."

Doug Henderson, a Labour home affairs spokesman, and David Alton, the sole Liberal Democrat on the committee, pointed to the persecution of the Christian minority in Pakistan including the killing of a man for allegedly writing blasphemous remarks on the wall of a mosque. Pakistan is one of seven countries on the list of designated countries whose citizens will be dealt with on a fast track system with only rudimentary appeal rights if they try to settle in Britain.

Mr Henderson said it was "bizarre" that Pakistan had been included on the list. He proposed amendments intended to ensure immigration officials did not take a "blanket" approach to all applicants from "white list" countries but looked at cases on merit. Romania

□ Opposition raises fears over asylum legislation □ Blair calls for election after defection

and Bulgaria are also on the list, despite document evidence of ill-treatment of gypsy minorities.

Tory MPs, who tend to say little on committees and concentrate on their mail, reacted angrily when Diane Abbott, Labour MP for Hackney North and Stoke Newington, said that while the expertise on minorities at risk was "limitless" at ministerial level, the clerical and executive grade staff who took decisions at the airports did not have that expertise. Cases were

Inside Parliament
Stephen Goodwin

just "shovelled through," she said.

Challenged by Timothy Kirkhope, a junior Home Office minister, to disassociate himself from Ms Abbott's remarks, Mr Henderson suggested she meant officials were hard-pressed.

An immigration official had told him that even before the list was leaked in the autumn, the merits of individual applications from countries on it frequently were not taken into account, Mr Henderson said. "The Government are trying to

legitimise a practice which has already been taking place."

Mr Alton dwelt on the danger of the white list being seen as a "blessing" from the British parliament that a country had a clean human rights record.

Countries could use inclusion just as China used British support for its population control programme as evidence of a "clean bill of health" despite the latest "horrendous" evidence of children being starved to death in its orphanages, Mr Alton said. So far China is not on the Home Secretary's list.

The first Prime Minister's Question Time of the new term brought calls, led by Tony Blair, for an election and sniping at the defector, Emma Nicholson, who took her seat on the Liberal Democrat benches.

Labour's Paul Flynn, MP for Newport West questioned the democratic legitimacy of a prime minister who had "lost the last vote in this House [on fishing policy], who has lost every by-election in the country by a mile and is now being abandoned by some of his most honourable members."

But Mr Major had an obvious answer. To Tory cheers, he replied: "I think the legitimacy might have something to do with the largest popular vote ever recorded at the last election - and a majority in this House."

Number 10 press secretary appointed

DONALD MACINTYRE

Jonathan Haslam, a 43-year-old career official in the Government Information Service, has been appointed the Prime Minister's chief press secretary in place of Christopher Meyer, who is to become the new Ambassador in Bonn.

Mr Meyer, 51, an urbane Russian expert with a wide range of Foreign Office experience, has secured one of the most important embassy postings after two years in the job as Mr Major's top spokesman. Mr Haslam worked loyally for Mr Major as deputy to both Mr Meyer and his predecessor, Gus O'Donnell, who now holds a senior post in the Treasury. He is currently head of information at the Ministry of Agriculture.

Mr Meyer - never less than comprehensively well informed - has managed to combine robustness and subtlety in his treatment of political journalists. But he has been scrupulous in resisting the many pressures in his job to become drawn into party political conflict.

The announcement of his appointment to the embassy in Bonn is one of a series of changes to key postings in Europe-related jobs in the Foreign Service. Michael Jay, the senior official for EU affairs in London, is to become ambassador in Paris and both men are likely to be in their posts until well after the next general election.

Whitehall sources said last night that Mr Haslam has been promoted to grade 3 in the Civil Service and given a two-year appointment - though that does not impose any obligation on Tony Blair, the Labour leader, to retain him if he wins the next election.

There is widespread speculation that Mr Blair would make a political appointment by putting Alastair Campbell, his current press secretary, into the job.

Mr Haslam, a thorough and experienced operator, who has worked in the industry and employment departments as well as the Home Office, could then be moved into another senior Civil Service job.

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Major to attack IRA role

The Prime Minister will protest tomorrow to Senator George Mitchell, chairman of the international body dealing with decommissioning IRA arms, about the IRA's alleged involvement in killings in Northern Ireland, writes Colin Brown.

John Major will tell Senator Mitchell and the commission at Downing Street that the continued violence by the IRA in

Northern Ireland against drug dealers and minor criminals is threatening the peace process.

Sir Patrick Mayhew, Secretary of State for Northern Ireland, announced yesterday that Lord Lloyd of Berwick, a Law Lord, will carry out a fundamental review of anti-terrorist laws. Labour refused to endorse the renewal of the anti-terrorist legislation last night.

international

Chechen hostage crisis: Expert says feeble Russian forces faced near-impossible task trying to keep out rebel raiding party

Border troops 'had no chance'

'Bandit band' shows it can strike at will

CHRISTOPHER BELLAMY
Defence Correspondent

Russia's armed forces, facing an avalanche of criticism for failing to defend the southern frontier of the Federation against yesterday's Chechen incursion, were given a near-impossible task, say military experts.

The rebels reached Kizlyar, deep in what should be secure Russian territory. There were suggestions the Russians let them in deliberately to justify a renewed offensive against the Chechens. But a former British Army officer who was in the area last month said the Russians were so badly organised and equipped they did not stand a chance of stopping the Chechens slipping across the vast and frozen expanses of the plains south of Grozny and north into Dagestan.

Colonel Charles Blandy said: "Given the quality of personnel the Russians have there I don't think they had a chance. They have an appalling standard of training... Little things like the security at checkpoints. There are no trenches, nothing."

After 13 months, during which the Russians flattened the Chechen capital, Grozny, 200 to 400 Chechen rebels have managed to trick or fight their way between 50 and 100 miles from their hide-outs across the border into neighbouring Dagestan and north to Kizlyar, taking more than 1,000 people hostage.

The raiding party is said to be part of a group called Lone Wolf, founded last year by Salman Raduyev, son-in-law of the rebel leader, Dzhokhar Dudayev, who is in hiding in the Caucasus.

President Boris Yeltsin yesterday vented his anger on the Russian Border Guards, who are responsible for defending international borders and who are also deployed on the borders of the unstable republics within the Russian Federation.

Russian security sources were at a loss to explain how a significant force of Chechen rebels moved so far, past what Mr Yeltsin said were "thousands" of Russian Army troops and Border Guards, who should have had modern surveillance technology, and to reach the River Terek, which was reported to be under Chechen fire.

During the fighting in Grozny a year ago the Russians obliterated resistance in the city and pushed south towards the icy barrier of the Caucasus mountains. But the rebels held out in what has long been recognised as some of the most perfect country for guerrilla warfare.

Before the recent fighting

Chechnya's population was about 1 million.

An estimated 90 per cent of the surviving males of military age bear arms, giving the Chechens up to 150,000 men. Women and children are reported to be sheltering in the mountains but the men still control the villages south of Grozny and the road to Gudermes.

The Chechen war effort is still being directed by Aslan Maskhadov, the chief of staff, who masterminded the defence of Grozny.

Last week a new headline Russian commander, General Vyacheslav Tikhomirov, was appointed. Yesterday he told Russian radio: "I don't negotiate with bandit chiefs of staff", a reference to Mr Maskhadov. His predecessor, Lieutenant-General Anatoly Romanov, who had reached an understanding with Mr Maskhadov, was injured in a bomb attack in October, he is still in hospital in Moscow.

The Chechens appear to be well supplied: many of their weapons were inherited from the former Soviet army when General Pavel Grachev, the Defence Minister, ordered a withdrawal from Chechnya in 1992. In addition, the Chechen mafia in Moscow and other cities have been sending money to aid the rebel cause.



Kremlin fall-out: President Yeltsin at yesterday's emergency meeting. 'How can we understand you, generals? Are you playing games?' he raged. Photograph: Globenet

Kio vinova? asks the classic Russian question. Who is guilty?

The seizure yesterday of more than 1,000 civilian hostages by Chechen rebels in southern Russia left President Boris Yeltsin incandescent with fury at the incompetence of his military and security service commanders.

"How can we understand you, generals? Are you playing games? Several thousand servicemen were in the rebels' path but they still passed through," he raged at a meeting of ministers called to deal with the emergency.

The rebel raid on the town of Kizlyar was all the more humiliating because it was only last week that the Kremlin appointed a new commander, General Vyacheslav Tikhomirov, to conduct operations against the Chechen insurgents. In remarks likely to return to haunt him, the general predicted an end to the Chechen war by this summer because "these are just a band of armed bandits who are oppressing and degrading their people".

The problem for Mr Yeltsin is that, 13 months after his armed forces launched their crackdown in Chechnya, rebel units still seem capable of selecting targets at will and carrying out devastating attacks. The Kizlyar raid was almost a carbon copy of an assault in June on Budyonovsk, where more than 100 people were killed in a hostage drama that lasted almost a week.

A month ago a prominent rebel commander, Aslan Maskhadov, masterminded an attack on Gudermes, Chechnya's second-largest city. The guerrillas stayed there a week and the fighting was so violent that, according to Interfax news agency, more than 500 apartment blocks were ruined.

Scarcely a day passes now without a report of Russian military casualties in this turbulent corner of the land. For example, last Thursday one soldier was killed and six wounded when guerrillas blew up an armoured troop carrier near the Chechen capital of Grozny.

In all, about 2,000 Russian servicemen have been killed in Chechnya since December 1994 - a rate that matches that suffered by Soviet forces after they invaded Afghanistan in

1979. Civilian casualties have been even higher. Vladimir Rubanov, deputy secretary of Russia's Security Council, which has co-ordinated the campaign in Chechnya, estimates that 20,000 to 30,000 have been killed in the conflict.

Despite the ferocity of its effort, the Russian army has failed to break the spirit of Chechen resistance or to force the rebels to seek a compromise peace. None of the main secessionist leaders, from Dzhokhar Dudayev, the republic's President, to Shamil Basayev, who led the assault on Budyonovsk, has been captured or killed.

The Russians' task is made especially hard by the fact that the Chechens do not operate under a single command but are made up of seemingly self-sufficient groups. The band that attacked Kizlyar is called Lone Wolf, and its audacity clearly stunned Mr Yeltsin.

In October he said the Chechen crisis was the biggest disappointment of his presidency, and it would appear he underestimated the difficulty of subduing a nation accustomed to resisting Moscow's authority. It is a crisis that cries out for a negotiated settlement, yet the Kizlyar raid has almost certainly damaged what prospects existed for an early peace.

With Russia five months from a critically important presidential election, it will be virtually impossible for either Mr Yeltsin or any other candidate to advocate compromise with the Chechens.

Briefly last summer it appeared the Kremlin was considering a deal with the Chechens. The Budyonovsk raid prompted the Prime Minister, Viktor Chernomyrdin, to take control of the crisis and agreed a truce with the rebels.

However, Moscow's preferred option still seems to be force, a point underlined by Mr Yeltsin last year when, in the company of President Bill Clinton at Halifax, Nova Scotia, he denounced Chechnya as "a world centre of terrorism, corruption, bribery and the mafia". For their part, the Chechens have not budged from their demand that all Russian troops should leave the republic, and their hopes of independence remain very much alive.

Tony Barber

Spy chief takes over from Kozyrev

TONY BARBER
Europe Editor

President Boris Yeltsin yesterday named Yevgeny Primakov, the head of Russia's foreign intelligence service, as his new Foreign Minister.

Mr Primakov, 66, replaces Andrei Kozyrev, who resigned last week following years of criticism of his pro-Western policies from the nationalist and Communist opposition.

Mr Primakov is an experienced specialist in foreign affairs, and in the Soviet era held senior positions in the Communist Party and academic world. As Mikhail Gorbachev's reforms led to the collapse of Communism, Mr Primakov, far from abandoning the party, rose in 1989 to the post of a candidate member of the Politburo.

Mr Primakov's chief area of expertise is the Arab world, especially Egypt. He became a familiar face to Western television viewers in 1990 and 1991, when he was Mr Gorbachev's special envoy to the Gulf, charged with the task of averting war between the West and President Saddam Hussein of Iraq.

After the failed Communist putsch of August 1991, Mr Gorbachev appointed Mr Primakov to run the foreign intelligence service of the former KGB. The fact that Mr Yeltsin kept Mr Primakov in this job after the demise of the Soviet Union suggests he valued his knowledge of the world and intelligence matters.

Mr Yeltsin's staff said last week that Mr Kozyrev's departure would not change Russia's foreign policy. Under Russia's constitution the President plays the most important part in fashioning foreign policy. However, Mr Primakov does not have the pro-Western profile of Mr Kozyrev. His appointment may soothe critics of the President's foreign policy in the Russian parliament. Mr Primakov can be expected to support Mr Yeltsin's efforts to prevent the expansion of Nato into Central and Eastern Europe and to continue improving relations with China, one of Russia's diplomatic successes.

Mr Primakov was born in Kiev, the capital of Ukraine. He joined the Communist Party in 1959 and was a columnist from 1962 to 1970 on the Asia and Africa desk of the party newspaper, *Pravda*.

He held two prestigious academic posts in the 1970s and 1980s, as director of the Institute of Oriental Studies in Moscow and as head of the Institute of World Economy and International Relations. It was not until 1989 that he entered the Communist Party's policymaking Central Committee.

The major event of his time as chief of the espionage service was the revelation that Russia had recruited a CIA spy, Aldrich Ames, viewed widely as one of the most harmful double agents in US history.

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Serb snipers say farewell to Sarajevo with bullets

EMMA DALY
Sarajevo

One man was killed and six people, including a six-year-old boy, were wounded yesterday in an attack on a tram in central Sarajevo that came hours before the expiry of a deadline imposed by rebellious Serbs desperate to rewrite the Dayton peace plan.

French Nato troops deployed along Sniper Alley returned fire with 20mm cannon towards the Serb-held suburb of Grbavica, which is due to revert to government control next month under the peace plan. The soldiers reported a stream of sniper fire coming from Grbavica, some 300 yards from Sniper Alley across the Miljacka river, and dispatched a patrol to seek the source.

The first Sarajevo to die since the peace plan was signed in December lay on a carpet of glass on the floor of the tram, his body covered by a brown blanket. A six-year-old boy, Nedim Corovic, sat in the emergency room at Kosovo hospital, blood on his T-shirt. Like the five others injured when a rocket-propelled grenade crashed through the roof of the tram, he was not badly hurt.

At the time of the attack the tram driver, Mehmed Dzevljan, was at a stop opposite the Holiday Inn. She told passengers to get off, then drove on to the nearest first aid post. "I did not expect this to happen. We'll see if they [I-For] do anything different from the UN."

A spokesman for I-For, the Nato Implementation Force, said French troops who were forced into a gun battle with the Serbs would continue their investigations. "We view this as a serious, senseless and cowardly attempt to disrupt the peace process," Major Simon Hase-lock said.

The Serb leadership, represented by Momcilo Krajisnik, the Serb assembly speaker, as Radovan Karadzic is barred from contact with I-For as a suspected war criminal, wrote to Admiral Leighton Smith, the I-For commander, demanding that he postpone until 15 September the hand-over of five suburbs around Sarajevo to the Muslim-led government.

Mr Krajisnik warned that without such a postponement, which he wanted confirmed by today, there would be a mass exodus of Serbs from the area. Yesterday several explosions



Peace derailed: Government soldiers inspect a tram hit by Serb snipers in Sarajevo in which a man was killed

Photograph: Globenet

rocked Grbavica and other suburbs as Serb forces apparently blew up and set fire to buildings. At dusk, four fires could be seen burning in the hills north of the city. One large building was razed, its beams burning furiously for at least two hours. I-For troops investigating the

explosions could not say what had been burnt but speculated that the destruction was a dramatic farewell by Serbs who are furious about their losses. "I'm so angry about everything that I have no words for you," said one Serb man standing in the back of a lorry filled

with his furniture, as he prepared to leave Grbavica. "I'm leaving with my family and where I go is my business," he said. A broom, an ironing board and a sledge leant against the wall of his apartment block. A friend helped to heave a table into the lorry.

Last month, Serbs in the five suburbs said they would not stay without guarantees of safety. The Bosnian government yesterday issued an amnesty to all Serb soldiers except those who are listed as war criminals. However, the Muslim government's gesture failed to impress

those Serbs who live in Grbavica. "Why should we need their amnesty?" the man asked. "It's an amnesty to keep me here in prison," added the man's friend. "It's rubbish. We lost our houses on the other side and now we have to leave here too."

Bildt accuses US of undermining Bosnia reconstruction

SARAH HELM
Brussels

Transatlantic tensions over peace-making in Bosnia erupted yesterday when Carl Bildt, the man in charge of implementing the civilian side of the peace deal, attacked the US for deliberately undermining the reconstruction effort.

Speaking in graphic terms, Mr Bildt, the former European peace co-ordinator, took the stage at a Brussels press conference to describe how his reconstruction team had been barred, on US orders, from all

former United Nations facilities in Zagreb and Sarajevo. As a result, he said, they had been forced to grovel for shelter and telephone lines as they attempted to establish a presence in the former Yugoslavia.

"We have had to negotiate for every single telephone line and single metre of office space," he said, describing the situation in Sarajevo as more divided than Berlin during the Cold War. Mr Bildt told how he personally had withdrawn 300,000 German marks from an EU account last week and carried the notes out to Bosnia in a suitcase.

Mr Bildt was hitting back at stinging criticism from Washington that he and fellow Europeans have dithered in setting up the rebuilding side of the peace operation. Washington has proudly proclaimed the success so far of I-For, the military Implementation Force, which is US-led and involves the deployment of 60,000 Nato troops. But American officials have let it be known that they believe the Europeans have been slack and indecisive in fulfilling their role.

Mr Bildt, appointed as High Representative for reconstruction in December, has been singled out for failing to set up his office in Sarajevo. Yesterday Mr Bildt pointed out that he could not have set up his operation faster without ready facilities and money.

The UN has largely withdrawn from Sarajevo and Zagreb. However, Mr Bildt said bitterly yesterday, the US has taken over the many fully equipped UN facilities for the military operation, while barring the European reconstruction team.

Mr Bildt aims to have a team of about 50 in Sarajevo and 30 in Brussels, but arrangements

have been further hampered by an extreme shortage of money. European funds for reconstruction - now totalling 12.1bn euros (£10.1bn) - have been slow in flowing and no money has yet come from the US or elsewhere outside Europe.

"Everything that has been done on reconstruction so far has been done by the Europeans," he said.

Behind the row lies a history of acrimony between the Europeans and the US over the credit for peace in former

Yugoslavia. Since the start of the US-led peace initiative, the Europeans have voiced caution about Washington's optimism. Mr Bildt warned that, whatever the military achievements, reconciliation between the parties was still a long way off.

Despite claims of impending penury, few believed Mr Bildt's motive was financial, with many seeing it as part of his wider strategy to reunite Poland's fractured opposition and perhaps even to recreate something of the old Solidarity movement.

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international

Hong Kong talks unruffled by orphans

TERESA POOLE
Peking

Malcolm Rifkind, the Foreign Secretary, yesterday urged China to be open about conditions in its orphanages. He said he had told his counterpart, Qian Qichen, "that the best way in which China could reassure the world that there were no abuses at these orphanages was to allow complete transparency, completely open contact to show that there was nothing to hide. And we very much hope that that kind of assurance can be given".

Mr Rifkind was speaking after more than two hours of discussions with Mr Qian during

which both sides appeared to have decided not to let Peking's anger over last night's screening of the Channel 4 documentary *Return to the Dying Rooms* disrupt negotiations over Hong Kong. Despite earlier warnings that the programme was "certainly harmful for the environment of these discussions", the foreign ministry spokesman, Chen Jian, later characterised the meeting as "frank and pragmatic" and its outcome "beneficial".

In a sign that Sino-British relations continue to improve, the Chinese confirmed that Mr Rifkind would today meet the Prime Minister, Li Peng, and will tomorrow hold talks

with President Jiang Zemin. In his first visit as Foreign Secretary to China, Mr Rifkind said he had raised a number of human rights issues with Mr Qian including the recent Human Rights Watch report on Chinese orphanages, the 14-year jail sentence for the dissident Wei Jingsheng, and Tibet.

The Chinese side had defended its position that there was no abuse of the country's orphans "in very robust terms, but at no time was it implied that the subject matter of the programme would have any implications for the relations between the British and Chinese governments". Earlier in the week a Chinese embassy official

in London was quoted as saying screening the documentary, which included the Human Rights Watch findings, would "poison" relations.

"With regard to Wei Jingsheng," said Mr Rifkind, "we emphasised our view... that the sentence imposed upon him seemed very, very harsh indeed when one thinks of what seems to be the relatively minor offences with which he was charged." Mr Qian repeated the Chinese position that the sentence was "justified".

Mr Rifkind also raised "the subject of Tibet and the need for dialogue with the Tibetans and, if possible, with the Dalai Lama with regard to Tibetan matters".

On resolving outstanding issues over Hong Kong, he reported progress in five areas. The most important of these was a commitment from Mr Qian "that all those persons with permanent resident status who are now in Hong Kong will continue to have resident status after 1997". Although the question was posed after concerns were raised by Hong Kong businessmen without the right to Chinese nationality, Mr Rifkind said he understood it would also apply to ethnic Chinese with foreign passports.

Peking had also agreed to give the go-ahead to the "vexed question" of the stalled CITI container port. "We have been

informed that the Chinese government can accept whatever the companies [in the port consortium] themselves agree. That is very satisfactory," said Mr Rifkind.

There was also agreement that the Preparatory Committee which will set up the post-1997 government will establish liaison with the present Hong Kong government. A minute was signed over China's arrangements for issuing the post-1997 Hong Kong passports, which will enable London to decide within two to three months whether such passport holders will be allowed visa-free entry into the UK.

Mr Rifkind made no headway

in trying to persuade Peking not to scrap Hong Kong's Legislative Council when the colony reverts to China. "I made it clear that in our view the dismantlement of the Legislative Council would serve no useful purpose... We continue to hope that the Chinese government will reconsider their current position." Mr Chen said the Chinese decision "remains unchanged and will not change".

China expressed "grave concern and strong displeasure" at Washington's decision to grant transit visas to the Taiwanese Vice-President Li Yuan-zu. The foreign ministry said Taiwan was "a very sensitive issue" in Sino-US relations.

Patten
defeats
Foreign
OfficeSTEPHEN VINES
Hong Kong

Chris Patten has used the Foreign Secretary's visit to impress on him the need for a resolute stance in defending institutions established by the outgoing colonial power.

Elements within the Foreign Office remain deeply sceptical of Mr Patten's ideas and had appeared to be winning the battle to keep the Governor in the background. Mr Rifkind's visit to Hong Kong has clearly marked the failure of this effort.

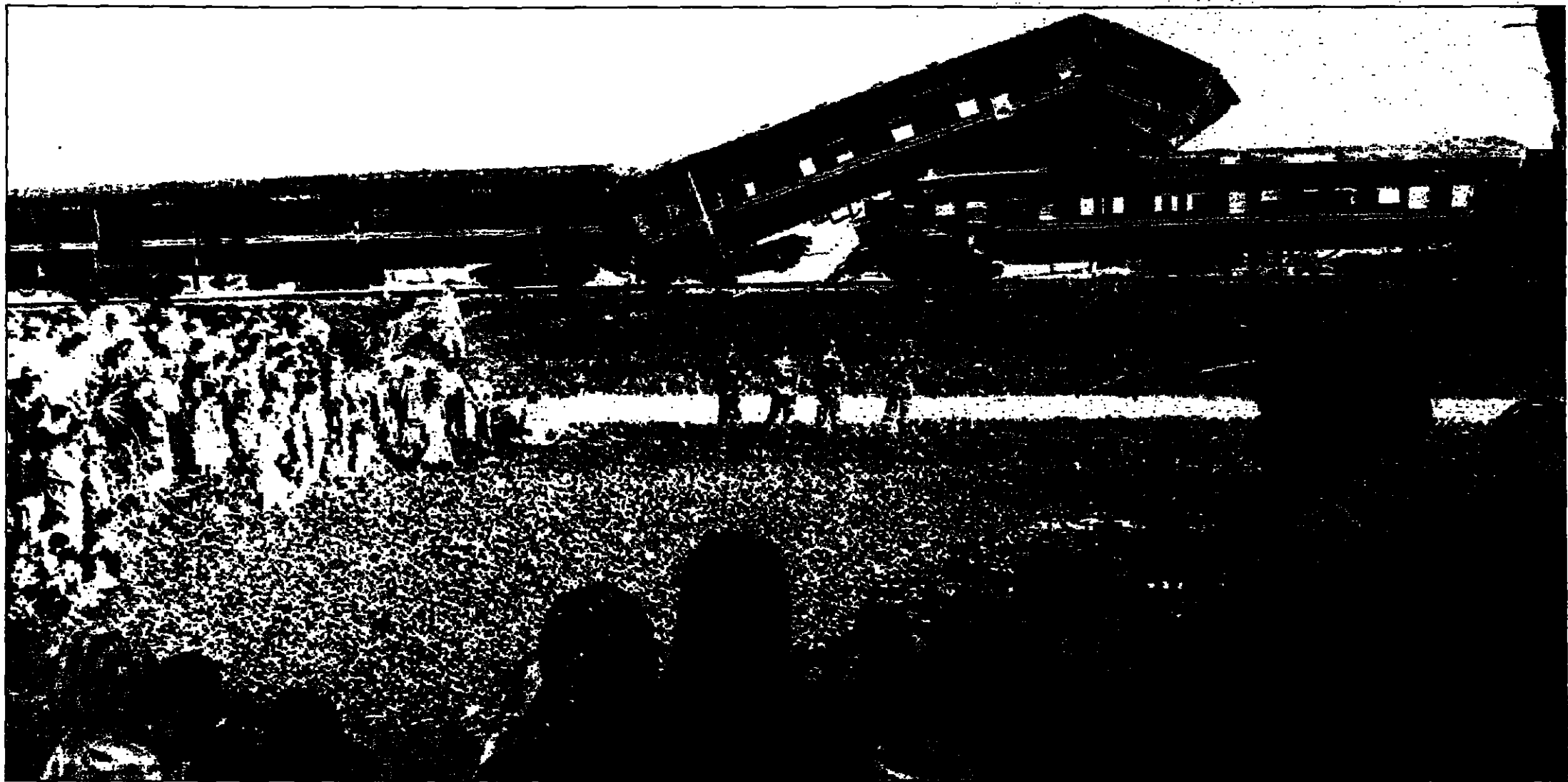
He left Hong Kong issuing a dire warning of the "extremely damaging" consequences of China's proposal to dismantle the colony's elected legislature once it resumes sovereignty on 1 July next year. The Foreign Secretary has not spoken quite so bluntly about this in the past and indicated he would raise this matter in meetings with the Chinese leadership.

However, Mr Rifkind indirectly acknowledged that Britain had little with which to persuade China to change its policy. The main bargaining chip was China's "overwhelming interest for Hong Kong to be a success". He warned: "if they are insensitive, they will be shooting themselves in the foot". That is unlikely to be well received by Peking, which has assembled a group of Hong Kong notables who claim that there is no demand for more representative government.

The Hong Kong visit has caused some problems for the Foreign Secretary. He dismayed and annoyed legislators by telling them that the colony had determined its own policy for making the territory a port of first asylum for Vietnamese boat people, and was therefore responsible for solving the matter.

Legislators pointed out that the policy was imposed by Britain, which determines foreign policy for its colonies.

There was also anger over Mr Rifkind's suggestion that Hong Kong people have never been entitled to full British citizenship.



Survivors and local villagers gather round the wreckage of a train crash in the Chandpur district of south-east Bangladesh, in which 16 people were killed

Photograph: AFP

IN BRIEF

Zaire crash aircraft 'was overloaded'

Kinshasa — The Russian crew of a cargo plane that crashed into a crowded market in the Zaire capital on Monday, killing 264 people, was in protective custody as an inquiry began. Preliminary reports indicated the Russian-built Antonov 32 may have been overloaded. The aircraft crashed seconds after take-off from Kinshasa's Ndoio airport, skidded across a busy street and thundered through an open-air market. Airport authorities said the plane was carrying engine oil, wheat flour and salted fish bound for Jonas Savimbi's Unita organisation in Angola. AP

North Korea famine reports disputed

Seoul — Disputing reported prospects of mass starvation in North Korea, a South Korean official said the Communist state is not expected to face famine until the middle of the year. UN relief officials returning from North Korea reported widespread hunger after flooding last summer. But South Korea said dire predictions do not take into account vast military stockpiles Pyongyang could use to feed its 22 million people. AP

Spy swap lawyer jailed for extortion

Berlin — Wolfgang Vogel, the East Berlin lawyer who engineered Cold War spy swaps, was convicted of extorting money from East German emigrants eager to flee to the West. Vogel was found guilty of perjury, four counts of blackmail and five counts of falsifying documents. He was given a two-year suspended sentence and a 92,000 mark (£41,400) fine. Reuters

Mafia boss exposes Andreotti link

Padua — An informer told a court that he could have exposed Giulio Andreotti, the former Italian prime minister, as someone with Mafia links more than 10 years ago but feared efforts would be made to discredit his evidence. The witness, Tommaso Buscetta, the first boss to expose the Sicilian Mafia's inner workings, turned state's evidence in 1984. Reuters

Caribbean 'no dump for dissidents'

London — Britain's deportation of the Saudi dissident Mohammed al-Masari to Dominica could cause civil unrest and be blocked by parliament, according to Rosie Douglas, leader of the opposition Labour Party on the Caribbean island. Whitehall acted after pressure from Saudi Arabia and UK defence firms to curb Mr Masari's campaign against the Saudi regime. "The Caribbean is not the dumping ground for dissidents," Mr Douglas added. PA

Turkish leftists
kill 3 to avenge
jail riot deathsHUGH POPE
Istanbul

Left-wing urban guerrillas struck at the heart of the Turkish establishment yesterday, murdering a member of the popular Sabanci business dynasty in apparent revenge for the police killing of three comrades in brutal jail riots.

First reports said the attack at the Sabanci Centre skyscraper in Istanbul was carried out by a woman with a silenced gun who penetrated the landmark building, possibly in league with the tea lady. The attacker shot dead Ozdemir Sabanci, 54, the Manchester-trained head of the family's car making business.

The intruder also killed Haluk Gorgun, head of the Sabancis' joint-venture car-making plant with Toyota, and Nilgun Hasefe, personal assistant to the dynasty's leading figure, Sakip Sabanci. Sakip and others of the five Sabanci brothers were apparently on the executive floor at the time.

Responsibility was claimed by the Revolutionary People's Liberation Party-Front (DHKP-C), an offshoot of Dev Sol, one

of the far-left groups whose roots go back to the Turkish political violence of the 1970s.

The DHKP-C emerged in 1995 as the most dangerous and best organised left-wing group in Turkey, staging 178 violent incidents. The group has made a speciality of revolts in Turkish prisons. Three DHKP-C members were killed last Thursday when a rebellion in the Urmaniy-Uslular jail was suppressed by security forces.

The government suspended two senior officials at the Istanbul jail on Monday pending an investigation. This led to the release of all the hostages and a return to normal yesterday.

Turkey's secular establishment received a second blow yesterday when President Suleyman Demirel gave the pro-Islamist Welfare Party the first chance to form a government from the divided parliament elected on 24 December.

The Welfare Party leader, Necmettin Erbakan, has no obvious coalition partners and President Demirel said after meeting leaders of all five parliamentary parties that "unless somebody comes to me with a government ready on paper, I



Police lifting a prisoner into an ambulance near Ankara after suppressing a jail riot

Photograph: AFP

will not approve it."

"Such is the price of stubbornness," screamed a banner headline in the nationalist daily *Hurriyet*, blaming Mr Erbakan's success on the feud between the two leaders of the centre-right, Mesut Yilmaz and Tansu Ciller, who stays on as acting Prime Minister.

Turks hope the 1970s-style political deadlock will not be accompanied by 1970s-style political violence, and that the military stays watching from the sidelines.

Left-wing passions have been inflamed by police actions, including the forcible burial without funerals of the prisoners killed in last week's riots. During the stand-off, hundreds of would-be mourners and demonstrators were rounded up by police and kicked and

punched as they were herded, hands over their heads, into a nearby sports stadium.

Turkish commentators did not side with the prisoners. The liberal daily *Yedigun* blamed backward Turkish laws for mixing violent terrorists with prisoners of conscience.

The economy is giving conflicting signals. GNP growth ran at over 7 per cent in 1995 and foreign investment reached a record high, while inflation is still over 80 per cent and the IMF has suspended its stand-by programme.

But the Turkish left-wing commentator Ahmet Altan thought there was a deeper malaise. "A beaten army and a collapsing regime are always dangerous for people," he said. "And in Turkey the regime is breaking down."

10,000 murders uphold
SA's name for violenceROBERT BLOCK
Johannesburg

South Africa's designation as the most violent country in the world outside a war zone looks unlikely to change, according to the latest police statistics.

More than 10,000 people were murdered in the first seven months of last year, according to the South African Police Service's National Crime Information Management Centre. In the same period, 1,126,101 serious crimes were reported across the country, excluding the old homelands.

The total includes 46,752 armed robberies, 55,890 cases of car theft, 18,684 rapes, 96,391 aggravated assaults, 90,416 common assaults, and 10,161 murders, an average of one murder every 29 minutes.

While comparative figures for the same period in 1994 were not immediately available, figures for the first six months of 1994 and 1995 showed substantial increases in all violent crimes except murder, which had decreased by 7 per cent in 1995.

Police stress that the figures are preliminary and that they will not know the true picture until later this year. "At the moment we are optimistic that some of the figures, particularly murder, might be on the

decrease," said Reg Crewe, national police spokesman. "We will just have to wait and see."

Last year the World Health Organisation named South Africa as the world's murder capital. And last week the South African National Police Commissioner, George Fivaz, said that unless the police force is given the funds it needs to fight crime, South Africa risks becoming "a violent state".

Violence has long plagued South Africa, but under apartheid the country's whites reassured themselves that it was mostly confined to black townships. While violent crime has now spilled over into the white suburbs, it still affects blacks significantly more than whites. It is estimated that, on average, 15 per cent of a South African's disposable income is spent on security measures.

Thousands of young English-speaking white professionals are opting to emigrate. While the exodus is hard to measure, the High Commission for Australia, one of the most popular destinations, says it receives around 50 applications a week from would-be migrants.

According to one recent survey, there may be as many as 250,000 white South Africans, or 5 per cent of the total white population, now living abroad. A State of Fear, Section Two

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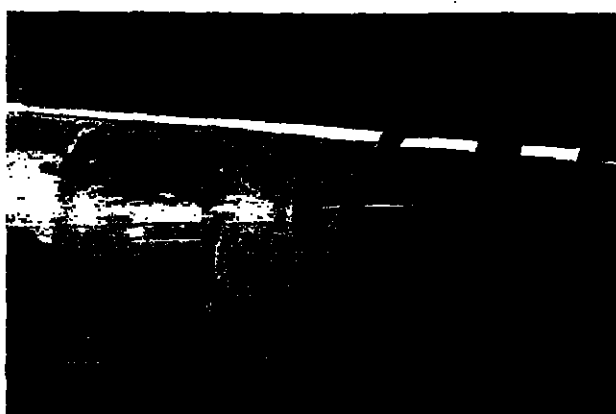
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NEW YORK DAYS

Ginger makes
sure it's Ice
Cold in Harlem

I am still trying to defend my actions during the blizzard of the century that the weather forecasters have cutely christened "Ginger".

On television they had been saying that my commuter line into New York was working fine. Honest. No mention of crippled carriages and frozen third rails. And the train had pulled into my local station, a ghostly plume of powder behind it, bang on time. Little did I know.

Little did I know, for instance, that what I thought was the 8.36 am was actually the 6.36, exactly two hours late. And little did I know, even though I have ridden this line for over a year, that once into greater New York, my line loses the overhead electric cables and switches to that dreaded third rail for power. Third rails are not much good in drifts as big as sand dunes in the Sahara.

Compared with the suffering of some others in the storm our little drama was no more than an inconvenience. Even so, I never did make it to Grand Central. When finally, we slithered into 125th Street Station in

Big dig-out begins

New York — The north-east United States began digging out yesterday from the blizzard that buried airports, roads and cars, Reuters reports. At least 41 deaths were blamed on the storm. The federal government in Washington remained closed for the second day because of weather, as did schools in New York, Philadelphia and Boston.

A record 30in fell in Philadelphia and more than 20in accumulated in Manhattan's Central Park, with higher amounts elsewhere in the city. The storm ranked among the top three in New York City.

Harlem, we had been on that train for just over six hours without refreshment, with only one lavatory in a carriage with standing room only, and mostly without heat. It was nine hours before I made it back home to Connecticut, nothing achieved.

For one day, we were the cast of one of those Hollywood disaster movies. "Ice Cold in Harlem", perhaps, or "Appointment with Ginger". It added pep to the script that we were almost all well-heeled and cosseted suburbanites from Connecticut's Gold Coast — Wall Street traders, lawyers, designers, fashion buyers and more traders, people who generally prefer to be in control of their destinies.

The trouble-makers, two of

them, happened to be in my row of seats. (Yes, I at least had a seat). The first was a sour-looking gentleman with half-moon glasses who only once unglued his eyes from a copy of the New Yorker to complain that I was disturbing him talking to the news desk in London on my mobile phone, too loudly apparently. "Does the whole train have to listen to your telephone conversations?" he inquired rudely.

The other was across the aisle; a younger, athletic-looking man with a baseball cap. He did not miss a single opportunity to bark insults at the conductors whenever they passed, accusing them of incompetence and of lying to us about the situation.

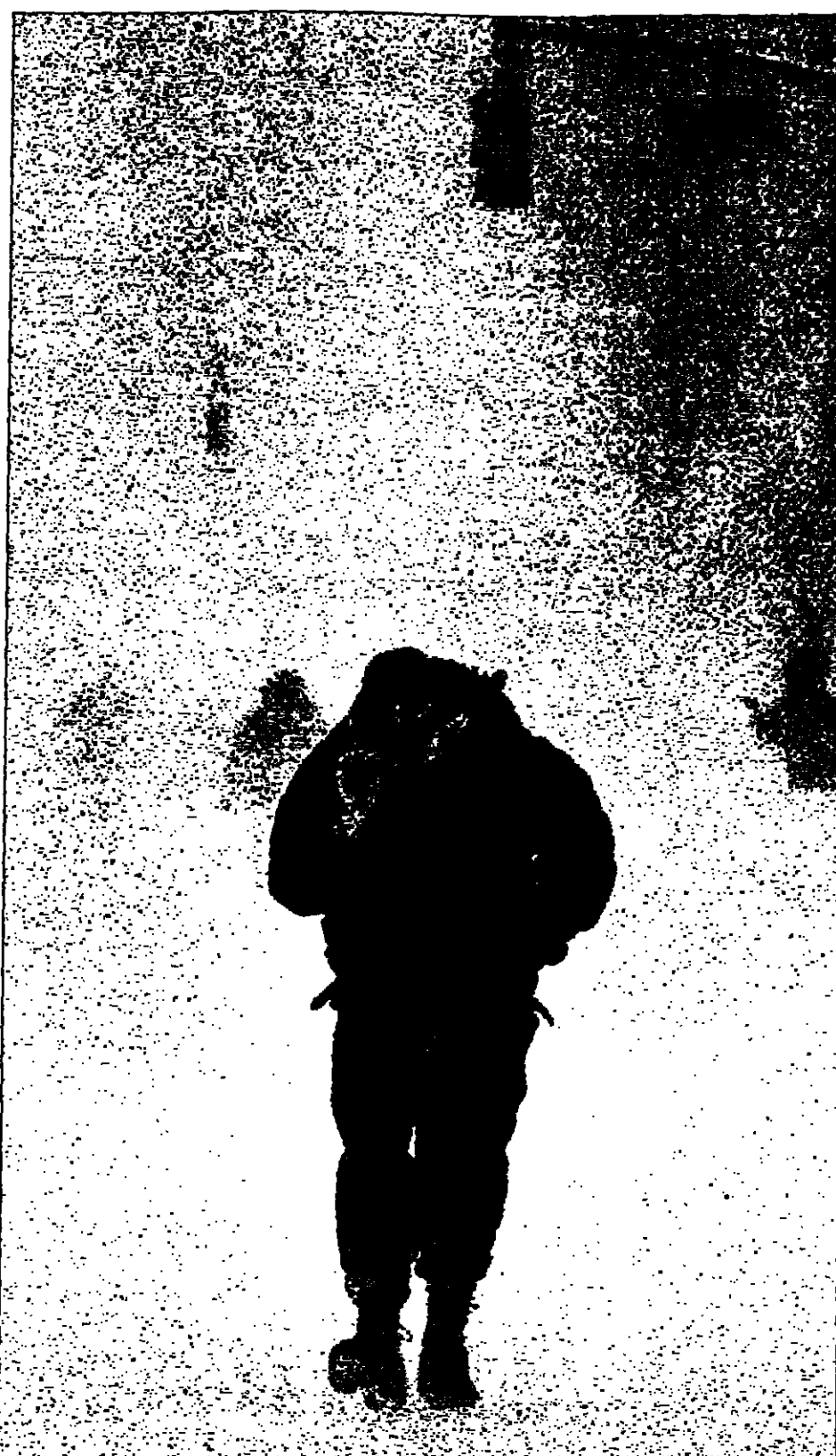
"Oh yeah, 15 minutes. Will that 15 minutes end today or tomorrow?" or, to white-haired conductor, "Hey, old man, you don't know how to run a railroad. Why don't you retire and go home."

It was probably after about two hours when we had just made it out of Fordham, a stop in the Bronx, that we began to realise that our plight was serious. "We are having trouble making contact with the third rail," came one of the last messages over the address system before all power was lost and even that packed up. "You folks should have stayed at home". Well, yes, we were beginning to get that part.

After some agonising minutes of jerky stops and starts, the train and the third rail finally parted company. And that was that. We were in a shallow cutting, beneath some public housing blocks with a playground behind a high chicken-wire fence. It wasn't long before the children began to take interest. In small groups, they waded through the snow to peer through the wire at this train that would not move. "Yes, there are people in here. Help us!" a man shouted. For the first time, the whole carriage laughed.

We laughed again when another man rang home on his mobile and asked his wife if we were on the news. Apparently, we were. "Is he ordering pizza?" someone else asked. Then came hope of rescue. A diesel train was on its way to take us off our *Marie Celeste* and into New York. It would have only five carriages and our train was seventeen long, but they would try to cram us in. About an hour later, the diesel pulled up. We whooped with excitement. By now, most of us were freezing at least from the knees down.

We waited, the diesel roared and — it chugged away again



Great white way: A lone figure battles along in New York's Seventh Avenue — a normally bustling thoroughfare turned into a wilderness by the blizzard. Photograph: AP

into the white wastes without us.

Not a good moment. The two Japanese gentlemen with little English in the seats behind were doubly confused. So were we all. Only later did I discover that the so-called rescue team on the diesel had forgotten to bring along the little draw-bridges need for us to get

from our train to theirs. Great. In the end, it was five engineers who tramped down the line with gas blow-torches who saved us. One by one the contact pads beneath the carriages were thawed of snow and finally, just as the blizzard outside was easing, we were on our way. At 125th Street only one door

would open. Just opposite it on the platform was a billboard advertising Jamaican Airlines and teasing us with a beach scene of palms and turquoise waters. Behind me, as we filed off, I heard a voice saying: "We were kids when we got on this train".

David Usborne

Wife on Death
Row spurns
clemency plea

JOHN CARLIN
Washington

Guinevere Garcia wants to die. Many people, in her shoes, would want to die too. In a week's time the state of Illinois plans to oblige her: Wednesday 17 January is the date scheduled for her execution.

The bald facts of the case are that Garcia, who is 35 and had previously been jailed for killing her baby, shot her husband dead after a drunken quarrel in July 1991. A court sentenced her to death in October 1992.

Against Garcia's explicit wishes, Amnesty International has launched a campaign to deprive her of her dying wish.

The Governor of Illinois, who has the power to grant a pardon, has been besieged by letters from Amnesty members worldwide.

In response to a formal petition for clemency co-signed by Bianca Jagger, a member of the Amnesty International Leadership Council, the Illinois Prison Review Board meets tomorrow to hear the case for a reprieve.

When Guinevere Garcia, born Swan, was 18 months old her alcoholic mother plunged to her death from an apartment window.

Her father abandoned her and her grandparents took her in. When she was six an uncle raped her, which he continued to do for the next five years. Court records show that while the grandmother did nothing to stop the abuse, she did express concern as to whether the uncle was wearing a condom.

At 14 the girl was gang-raped by five teenage boys, none of whom was convicted, and shortly afterwards her grandfather sold her in marriage for \$1,500 to an Iranian student who sought legal residency status in the United States.

When she was 15 she became a stripper and a prostitute. When she was 17 she gave birth — not by her husband — to a daughter she called Sara. Rows with the grandmother

over custody of the baby, combined with the fear that her child would inherit the mother's fate, led her to suffocate Sara when she was 11 months old.

In 1983 she pleaded guilty to Sara's murder (she had been arrested in 1981) and was sentenced to 20 years in prison; she served 10. On her release she married George Garcia, who

concurred with the sentence which, by majority ruling, was upheld.

One of the dissenting judges, Justice Freeman, said in a document made public in March last year that the court had been "clearly wrong" in failing to take properly into account the factors in mitigation of sentence.

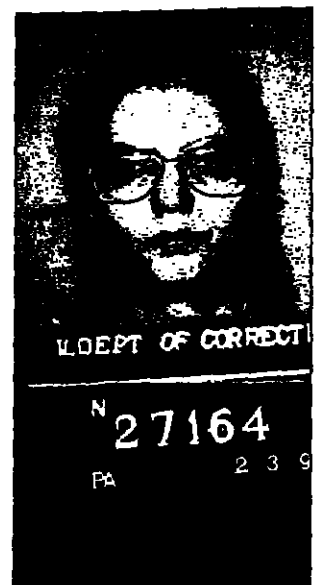
Justice Freeman's arguments will form part of the clemency case at tomorrow's prison-board hearing.

Ms Jagger will be among those testifying. In the petition, dated 5 January, which she co-wrote with an Illinois prison-rights advocate, she said: "If clemency is refused to Guinevere Garcia, the cycle of violence against this woman is completed and all of us are shamed... The execution of Guinevere Garcia is the ultimate act of injustice against this battered woman."

Garcia believes death would be the ultimate act of mercy. She recently told a judge: "I don't want to die. Your Honour, but my life is miserable. I made peace with God and myself. I am sitting in prison while my victims are dead. My life has no purpose, no meaningful existence." In an interview, Ms Jagger said she had agonised over her decision to intervene in the case: "I can understand, of course, why she feels the only thing left for her is to die. But I also feel that the state has no right to execute her."

"She is the quintessential case of a battered woman and an abandoned child. What I have discovered is that in almost all instances, the people on Death Row who have withdrawn their appeals against execution have been abused as children; almost all the women on Death Row have histories of terrible degradation."

If the Review Board hearing goes Garcia's way, she will be only the second woman to be executed since the reintroduction of the death penalty in the United States in 1977 and the first to be executed in Illinois since 1938.



Guinevere Garcia: Victim of horrific abuse

was 60 and a client from her days as a prostitute.

It was not a happy marriage. On one occasion, as medical records show, he attacked her with a piece of glass, inflicting a two-inch cut in her vaginal and rectal walls.

One night in July 1991 she went home drunk, straight from a fight with the uncle who had raped her as a child, and shot her husband. In October 1992 she was sentenced to death by lethal injection.

The court found that she had not been "under the influence of extreme mental or emotional disturbance at the time of the crime."

In November 1994 the case went to the Supreme Court on appeal. Five of the seven judges

Clinton at risk
as Hillary lands
in double trouble

RUPERT CORNWELL
Washington

It was supposed to be a week in which the launch of the First Lady's book would seal her reputation as a global authority on children's welfare. Instead, Hillary Clinton is back in her no less familiar role of wicked witch of the White House, entangled anew in controversies that could damage her husband's chances of winning a second presidential term this year.

The trouble is twofold. Documents released at the weekend suggest that in the mid-1980s in Arkansas she may have done considerably more legal work for the failed savings bank at the heart of the Whitewater affair than she has so far admitted. And new evidence has emerged that she may personally have ordered the 1993 sackings of the White House travel-office staff, a debacle for which other officials have been censured.

Neither development, by the standards of Washington scandals, amounts to a "smoking gun". Both, however, add to the sensation that the White House has failed to tell the truth on either matter. They prompted the influential columnist William Safire to brand Mrs Clinton "a congenital liar" in Monday's *New York Times*. Asked to comment on that allegation, the White House spokesman yesterday declared that if Mr Clinton were not President he "would have delivered a more forceful response... on the bridge of Mr Safire's nose".

Alas for the Clintons; their PR problems cannot be settled by a bout of fistfights. At the very least, the promotional tour for Mrs Clinton's book, *It Takes a Village and Other Lessons Children Teach Us*, with which her staff planned to polish an image of a caring, socially involved First Lady, threatens to become an itinerant press conference on Whitewater.

At worst, the revelations could lead to the spectacle of Mrs Clinton testifying in person on Capitol Hill, to the separate congressional committees investigating Whitewater and the

1993 "Travelgate" affair. A final decision has not been taken, but Senator Al D'Amato, the highly partisan New York Republican who heads the Senate Whitewater panel, has spoken of "tremendous inconsistencies between the documents just released and previous sworn statements by Mrs Clinton."

It now seems probable that Mr D'Amato will be able to prolong his investigations beyond the original cutoff date of 29 February, keeping Whitewater in the public eye deep into the presidential election campaign. Indeed, the First Lady's misadventures may already be affecting her husband's political standing.

Reversing the trend of recent months, a new CNN-USA Today poll shows Mr Clinton once again trailing his likely Republican rival for the White House next year, Senator Bob Dole, 49 per cent to 46 per cent, after leading by as much as 10 points over the autumn. The turnaround may be accounted for by the unpopularity of US military involvement in Bosnia, or by public disgust at the budget dispute. But Whitewater and the "Hillary Factor" could also be playing a part.

"Saint or Sinner?" asks *Newsweek* on its current cover on the First Lady. Right now, and despite Democratic charges that she is victim of a Republican-inspired smear campaign, the pendulum is swinging towards the latter.

The President meanwhile suffered an embarrassing legal setback of his own yesterday, as a federal appeal court ruled that Paula Jones, the former Arkansas state employee who says she was sexually harassed by Mr Clinton in 1991, could proceed with her case. In doing so, the court overruled arguments by the White House that the matter was a distraction from his Presidential duties and should be deferred until he left office. But Mr Clinton's lawyers are appealing to the Supreme Court, which means almost certainly that nothing will happen until after the November 1996 election.

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obituaries / gazette

Károly Grósz

Károly Grósz, the last leader of Hungary's ruling old-style Communist movement, the Hungarian Socialist Workers' Party (HSWP), was at the centre of power for barely two years but, in the course of his meteoric rise and fall, he oversaw Hungary's transition from one-party rule to the beginnings of democracy.

During that period, from 1987 to 1989, he initiated far-reaching changes – mostly in economic affairs – and resisted many other radical measures designed to bring Hungary closer to a Western-style multi-party system. Though he appeared determined, decisive and dynamic at the start of his brief stint at the top, by the end he had become confused, hesitant and exhausted.

Grósz was born in 1930 in Miskolc, centre of Hungary's north-eastern industrial heartland, into a working-class family of ethnic German descent. Initially he followed his father into the printing trade, but his political commitment and ambition destined him for a different career. He joined the Communist Party when he was only 15 and within three years was working in his home town as a full-time, professional Party activist. He served as a political officer in the army in the early 1950s, during the darkest days of Stalinism when loyalty to the regime counted for more than military training or experience.

Grósz resumed his civilian career in 1954 as a junior official in the Communist propaganda apparatus. He was in Miskolc during the 1956 pro-democracy uprising, and later in life he claimed to have helped Communist officials who had

gone into hiding. At the time he approved of the Soviet army's intervention which crushed the uprising. But later he expressed regret for the Communist regime's reliance on Soviet military might, because in the decades that followed it limited the freedom of manoeuvre of Hungary's paramount leader, János Kádár, who had been installed in power by Soviet troops in 1956. In any case, Grósz was bewildered by the events unfolding in Hungary and for a time contemplated leaving Kádár's newly formed HSWP and abandoning his political career until his father persuaded him to stay on.

Grósz's progression thereafter was steady if unspectacular. From 1958 to 1961, he edited the provincial newspaper *Észak-Magyarország*, and then moved to Budapest, where he became HSWP Secretary at Hungarian Radio and Television – a key job supervising appointments and censoring the output of the Communist state's main media outlets. He stayed in the job until 1968. For the next 13 years he worked almost entirely in the HSWP's Agitation-Propaganda Department, rising to the top post in the unit. He was getting close to the inner core of power, the Party's policy-making Politburo, but his ambitions suffered a reverse in 1979 when Kádár sent off the plain-speaking and ambitious Grósz to head the HSWP organisation in his native Borsod county.

The early 1980s were a high-water mark in the Kádár era: after years of improving living standards – the period of "goulash Communism" – the new experience of economic stagnation, coupled with in-



The 'Hungarian Gorbachev': Grósz, right, with a HSWP colleague, György Aczél, at the party's national conference, 1988. Photograph: EPA

creasing foreign indebtedness, led to the steady erosion of Kádár's popularity. Grósz was among the senior figures who began to criticise the ageing leader and his closest colleagues. As the pressure to stop the policy drift increased on Kádár, Grósz was recalled to Budapest to take over the capital's HSWP organisation in 1984 and the following year he joined the Politburo.

It was at this time that Grósz shot to prominence with his advocacy of far-reaching economic reforms. Although earlier he had had the reputation of a hardliner, he was a pragmatist at heart who was ex-

ploring the twin strategies of restructuring and openness – perestroika and glasnost – pursued by the Soviet leader, Mikhail Gorbachev.

As Hungary was struggling to overcome a mountain of economic problems under its ineffectual geriatric leadership, the energetic Grósz introduced a strong dose of criticism into the Communist policy-making establishment. It was partly to saddle Grósz with the blame for a series of much-needed but unpopular austerity measures that Kádár sanctioned his appointment as Prime Minister in June 1987. A wily operator and great survivor, Kádár thought that

power would remain in his hands as the HSWP's General Secretary while Grósz, as head of government, would have to carry the onerous responsibility for making the necessary changes.

But the dynamic Grósz, working 14 to 16 hours a day, turned the tables on his boss by beginning to transform the government into a second centre of power and undermining Kádár's position within the HSWP. As a result, Kádár was removed from the post of Party leader – after 32 years – at a special conference in May 1988. Grósz was elected to succeed him.

For the next six months Grósz combined the posts of HSWP General Secretary and Prime Minister. Throughout 1988 he was introducing a series of radical reforms. Hungary became the first Communist-ruled country to establish a system of universal personal income tax and VAT. These changes were not welcomed by Hungarians, who joked at the time that Grósz had successfully combined Swedish levels of taxation with Ethiopian wages. But they helped lay the foundations for a more rational financial system.

Meanwhile, Hungary was also forging ahead on the road

to restoring capitalism by legalising large-scale private enterprise and beginning the process of privatisation. Grósz was among the first leaders in Eastern Europe to express admiration for Margaret Thatcher's economic policies when he visited London. And under him Hungary also pioneered the practice of virtually unrestricted travel to the West.

All these momentous changes were happening in 1988 when Grósz was emerging as Hungary's undisputed leader. But, with much of his planned legislation in place, Grósz stepped down as Prime Minister in November 1988. He was already being assailed by more radical reformers within the Communist leadership, headed by Imre Pozsgay, who envisaged Hungary's transition to a quasi-democratic society. Grósz's reluctance to go along with their advocacy of a multi-party system turned him almost overnight from a reformist into a conservative figure. He also found it hard to break with the orthodox Communist interpretation of the 1956 uprising as a counter-revolution and to recognise it as a genuine national revolt.

At a meeting of the HSWP leadership in February 1989 the radical reformers' views on these key issues prevailed and from then on Grósz's influence dramatically declined. Four months later he was forced to share power with three of his radical rivals, including Pozsgay, in a newly established collective leadership.

Grósz was losing the will to continue his rearguard action and announced that he would not stand for re-election at the Party Congress scheduled for

October 1989. When the HSWP became at that Congress the first ruling party in the Soviet bloc to transform itself into a Western-style social democratic organisation – the Hungarian Socialist Party – Grósz left with a minority of party officials to carry the banner for a slightly reformed but still distinctly Communist movement which retained the name of the HSWP. But he took no office in the party, and it has remained on the margins of Hungarian politics, having failed to win any seats in parliament during the two elections of the early 1990s.

At the end of 1989 Grósz effectively retired. He spent the final years of his life as a widower in an architect-designed, igloo-shaped house in the quiet town of Gödöllő, on the eastern outskirts of Budapest, where he died after a long fight against cancer.

Károly Grósz described himself as a Marxist – but no longer a Leninist. He was highly critical of Hungary's mainstream politicians – including his one-time Communist colleagues – because of their whole-hearted espousal of the market economy and their pro-Western orientation. The "Hungarian Gorbachev", he had wanted to bring about far-reaching reforms within the Communist system but he did not stand for a break with Communism itself.

Gabriel Páris

Károly Grósz, politician: born Miskolc, Hungary 1 August 1930; First Secretary, Budapest HSWP 1984-87; Prime Minister of Hungary 1987-88; General Secretary, HSWP 1988-89; married (two sons); died Gödöllő, Hungary 7 January 1996.

Professor John Kenyon

John Kenyon was one of Britain's leading scholars of 17th-century English history. He had held chairs at the universities of Hull, St Andrews, Kansas and Columbia, he published eight substantial scholarly books, and was for many years one of the most respected reviewers of history for the books pages of the *Observer*.

That bare outline of facts gives little sense of a man whose increasingly Falstaffian figure, trenchant judgements and sardonic sense of humour were known throughout the scholarly world.

I first encountered John Kenyon when he was one of a glittering quintet of historians teaching at Christ's College, Cambridge, in the mid-1950s. The others were Jack Plumb, Rupert Allin, Frank Spooner and Barry Supple. At that time these five dons had received little recognition, but they went on to produce one knight, two masterpieces of Cambridge colleges, two Ford lectures, four Fellows of the British Academy, five Doctors of Letters and, of course, five professors. But Jack Plumb apart, it was John Kenyon's teaching which most people remember best. I, for one, was so impressed by being supervised by him in his vast three-sided red supervision chair that when he left for a professorship at Hull I bought it from him and have taught another 33 generations of Cambridge students in it.

Kenyon was a product of King Edward VII Grammar School in Sheffield and then Sheffield University. When he

appeared at Christ's in 1954 he cast himself in the role of mocking outsider, offering caustic criticisms from the fringes of college power in the confident and correct expectation that they would largely be ignored. They were. College meetings would be punctuated by Kenyon's heavy sighs and even heavier disapproving sniffs and brief dismissive comments, but the college men of affairs went about their efficient business undisturbed by these background mutterings.

Undistracted by a desire for college preferment or college influence, Kenyon proceeded to lay the solid research foundations for his scholarly career. He was quickly elected into a university lectureship and he published two substantial books in quick succession: first a major study of Robert Spencer, Earl of Sunderland and then his influential general history of the 17th-century monarchy, *The Stuarts*. Both appeared in 1958. Elected to the G.F. Grant



Kenyon: Falstaffian

Professorship at Hull University in 1962, he spent the next 19 years there. As head of department, suddenly he was in a position of power and influence. I recall his sense of surprise that his characteristically severe criticisms of the world around him were suddenly not only listened to with respect, but promptly acted upon. At first he felt uncomfortable with his new powers, but he soon grew into them and used them well. His appointments and promotions at Hull, and later at St Andrews between 1981 and 1987, showed a shrewd and effective judgement. At St Andrews in particular he built up an impressive department of able young historians. He spent the last seven years before retirement as Distinguished Professor of Early Modern British History at the University of Kansas.

During these years away from Cambridge his scholarly reputation steadily expanded. The publication of *The Stuart Constitution* in 1966, *The Popish Plot* in 1972, *Revolution Principles* in 1977, *Stuart England* in 1978 and *The Civil Wars of England* in 1988 consolidated his position as a leader in 17th-century studies; and the publication of *The History Men* in 1983 reached a wider audience, appealing to a readership he had won as a regular reviewer for many years in the *Observer*. Those initially put off by his Yorkshire bluntness were often surprised to find him a generous as well as an elegant and authoritative reviewer.

Kenyon was not a man who

found it easy to enjoy life. He cast himself early in a rather curmudgeonly role, and he took his pleasures savagely rather than urbanely, but he was a very considerable scholar. For those who were willing to persist beyond the rough exterior he was a rewarding teacher, a loyal friend and a generous colleague. For those able to keep up with his capacities, he was a memorable drinking companion and a robust conversationalist.

In 1994 he retired from his chair in Kansas and returned to this country. He settled in Norfolk. There he found a congenial place to continue his research at the University of East Anglia. They offered him an honorary research fellowship, and at his death he was close to completing a splendid edition of *The Oxford Illustrated History of the English Civil Wars*.

Neil McKendrick

John Phillips Kenyon, historian: born Sheffield 18 June 1927; Fellow of Christ's College, Cambridge 1954-62; Lecturer in History, Cambridge University 1955-62; G.F. Grant Professor of History, Hull University 1962-81; Ford's Lecturer in English History, Oxford University 1973-76; F.R.S. 1981; Professor of Modern History, St Andrews University 1981-87; Joyce and Elizabeth Hall Distinguished Professor in Early Modern British History, University of Kansas 1987-94 (Emeritus); married 1962 Angela Ewert (née Venables; one son, two daughters; one step-daughter); died Norwich 6 January 1996.



'Mr Dunfermline': McCathie, the captain of Dunfermline Athletic, made 563 appearances for the club, which he joined in 1981

Norrie McCathie

The death of Norrie McCathie, who was found gassed in his home on Monday, once again brings tragedy to Scottish football, less than a year after the untimely death of Davie Cooper. The loss of McCathie, captain of Dunfermline Athletic and one of the Scottish game's most recognisable and respected players, will have a devastating effect on everyone connected with the club he served for 15 years.

McCathie is one of two people in recent times who could lay claim to the title "Mr Dunfermline", the other being Jim Leishman, the club's manager, with whom McCathie formed a potent partnership which took

Dunfermline to the heights in the Scottish game. Promotion to the Premier Division was won on two occasions, in 1987 and 1989, with McCathie the dominant figurehead of both campaigns. He stood firm at the back for three seasons in the Premier Division and proved a rock in the heart of the Dunfermline defence for the last three seasons as they again chased a place among the elite.

A rugged defender with a trademark moustache, who was also capable of scoring goals, McCathie played 563 games for the club, having been converted from a left-sided midfielder to a full-back on his arrival from their Fife neigh-

bours Cowdenbeath in 1981. One of the highlights of McCathie's career was to captain Dunfermline in the League Cup final of 1991, after leading by example in the semi-final against Airdrie, in which he scored the vital penalty which booked a Hampden appearance against Hibernian.

Leishman described his former captain as a "Dunfermline great of the Eighties and Nineties"; everyone in the game as well as those who knew McCathie personally has been shocked at his death. He had a ready smile for customers in the pub and the night club "Nico's" in Dunfermline which he ran with his former team-mate John

Watson, the two forming a successful business partnership. Last year he revealed that his lover Julie Gillies, the daughter of a Dunfermline director, was expecting a child, and claimed people in the town were trying to stir up bad publicity against him. However the enduring image of McCathie is of him giving his all for the cause on the football field and the sight of a Dunfermline side running out without him at their head will be a strange and sad one.

David McKinnay

Norrie McCathie, footballer: born Edinburgh 23 March 1961; married (two children); died Crossford, Fife 6 January 1996.

Births, Marriages & Deaths

BIRTHS

BROWNE: On 22 December 1995, to Nicky (née Mansfield) and Paul, a daughter, Christina (Christa) Haydn Browne, sister to William Morgan and Owen.

MANLEY: On 29 December 1995, to Katy (née Aczel) and Will, a daughter, Philippa Clara.

DEATHS

NEAL: On 6 January, peacefully at Gwyneth Hall, Wales, after a short illness, Lawrence Edward, aged 100 years. Much loved by his son, Stewart, and his daughter, Annabel, and their families. Funeral service at the Crematorium, Stoke Road, Slough, on Saturday 13 January at 11am. Donations, if wished, to the Thames Valley Hospice, Hatch Lane, Windsor SL4 3RW.

SHEPHERD: Sir Peter, CBE DL Hon FRCGS, On 8 January, beloved husband and greatly revered father and grandfather. Funeral service at St Olave's Church, Margate, York, Friday 12 January at 11am. Enquiries to J.G. Fielder & Son, telephone 01904 654461.

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS (Births, Adoptions, Marriages, Deaths, Memorials, etc.) should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 3DL, telephone 0171-293 2011 or faxed to 0171-293 2010, and are charged at £6.50 a line (VAT extra). OTHER Gazette announcements must be submitted in writing (no fax) and are charged at £10 a line (VAT extra). They should be accompanied by a daytime telephone number.

Birthdays

Sir Walter Bodmer, director-general, Imperial Cancer Research Fund, 60; Mr Eddie Cheever, motor-racing driver, 38; Sir Robin Chichester-Clark, former MP and government minister, 68; Mr Thomas Clarke MP 55; Sir Arthur Gold, Honorary Life President, European Athletic Association, 79; Mr Derek Hammond-Stroud, barrister, 70; Sir David Hopkins, former Chief Metropolitan Magistrate, 74; Sir Derek Horby, chairman, British Overseas Trade Board, 66; Mr Thomas Hutton, former chief executive, Total Oil, 75; Miss Dorothy Malone, actress, 71; Sir Robert Marshall, former chairman, National Water Council, 76; Dr Peter Mathias, former Master, Downing College, Cambridge, 68; Sir David Miers, Ambassador to the Netherlands, 59; Mr Denis Peach, former Chief Charity Commissioner, 68; Mr Alan Protheroe, journalist and broadcaster, 62; Mr Anton Rodgers, actor, 63; Mr Freddie Starr, comedian, 52; Mr Rod Stewart, rock singer, 51; Mrs Valerie Strachan, chairman, Board of Customs and Excise, 56; Mr Stephen Wall, United Kingdom Permanent Representative to the European Union, 49; Mr Erroll J. Yates, former chairman and managing director, Kodak, 66.

Anniversaries

Births: Niels Stensen, anatomist, 163; Dr George Birkbeck, educationist, 1776; Alexei Nikolayevich Tolstoy, novelist and playwright, 1883; Dame Barbara Hepworth, sculptor, 1903; Deshaun Carolus Linneux, botanist, 1778; Samuel Colt, gunsmith, 1862; William Frederick Cody ("Buffalo Bill"), 1917; Samuel Dashell Hammett, detective story writer, 1961; Gabrielle (Coco) Chanel, couturier, 1971; Chester

Burnett ("Howling Wolf"), blues singer, 1976. On this day: The Royal Exchange, designed by Sir Christopher Wren, burned down, 1838; the penny post was begun and 112,000 letters were posted in London, 1840; the London Underground (Metropolitan Railway) system was started, 1863; the tomb of Cleopatra was discovered, 1890; the League of Nations was inaugurated, 1920; the cartoon character "Tintin" appeared for the first time, 1929; the New London Theatre, Drury Lane, opened, 1973. Today is the Feast Day of St Agatha, pope, St Dermot or Diarmuid, St John the Good, St Marcan of Constantinople, St Peter Orsello and St William of Bourges.

Lectures

National Gallery: Colin Wiggins, "Beyond Europe (ii): Gauguin's travels", 1pm. Victoria and Albert Museum: Louise Leates, "The Decorative Arts of the French Empire", 2.30pm. Tate Gallery: Justine Hopkins, "Spheres of Play and Conflict: the abstract paintings of Keaneth and Mary Martin", 1pm. British Museum: Delia Pemberton, "The Mameluks", 1.15pm.

Dinners

Air Force Board
Air Chief Marshal Sir Michael Graydon, Chief of the Air Staff, presided at a dinner held yesterday evening by the Air Force Board Standing Committee at the Officers' Mess, RAF Bentley Priory, to mark the retirement of Air Chief Marshal Sir Michael Alcock, Air Member for Logistics, and the appointment as Deputy Chief of the Defence Staff and promotion to Air Marshal of Air Vice-Marshal P.T. Squire.

Thai British Business Association

Mr James Baird, Chairman, Thai British Business Association, presided at the Annual General Meeting held yesterday at the Royal Over-Sea League, Over-Sea House, London SW1. Mr Gerald Malone MP, Minister of State at the Department of Health, was the guest of honour at a lunch held afterwards.

Appointments

Mr Michael Jay, to be Ambassador to the French Republic.
Mr Christopher Meyer, to be Ambassador to the Federal Republic of Germany.
The Hon David Gore-Booth, to be British High Commissioner to the Republic of India.
Air Commodore P.J. Scott, Air Commodore J.R. Ballance and Gp Capt D.M. Jones, to be Aides-de-Camp to the Queen.
Air Commodore D.J. Sharples, to be the Queen's Honorary Physician.
Air Commodore L.C. McIntyre, to be the Queen's Honorary Dental Surgeon.
Mr Walter Robert Alexander Ross, appointed a member of the Prince's Council.

ROYAL ENGAGEMENTS

The Princess Royal, President, Royal Yachting Association, attended the Royal Yachting Association Boat Show and Luncheon at the London International Convention Centre, London SW5. Princess Margaret, President, the Royal Ballet, will attend a performance of *A Midsummer Night's Dream* as part of the Haywards Westminster Week at the Royal Opera House, Covent Garden, London WC2.

Changing of the Guard
The Household Cavalry Mounted Regiment mounts the Queen's Life Guard at Horse Guards, 11am. 1st Battalion Scots Guards march, 11.30am. The Queen's Guard, at Buckingham Palace, 11.30am. (Provided by the Scots Guards)

No right of silence when theft charge likely

LAW REPORT

10 January 1996

Ranworth Ltd v Stephansen and another: Court of Appeal (Lord Justice Neill, Lord Justice Morritt and Sir John Balcombe); 21 December 1995

Where a person's answers to questions might expose them to the risk of prosecution for a number of different offences, the fact that the privilege against self-incrimination or "right of silence" had been abrogated in relation to those offences with which it would be charged, namely theft, might be sufficient to compel them to answer the questions notwithstanding the remote possibility of their being charged with another offence, such as conspiracy, in relation to which the privilege remained.

The Court of Appeal dismissed an appeal by the first defendant, Mrs Sherry Stephansen, against the order of Mr Justice Buxton, on 11 August 1995, requiring her to comply with the order of Mr Justice Newman on 20 June 1995, that she should provide by affidavit certain financial information in connection with a civil claim by the plaintiff, Remworth Ltd.

The judge also ordered Mrs Stephansen to swear an affidavit specifying the sums received under the contract, the accounts into which they were

paid, the payments made to subcontractors, the location of any balance and a list of the defendants' bank accounts. Mrs Stephansen declined to provide some of this information on the ground of privilege against self-incrimination.

The common law privilege against self-incrimination, had been modified by, *inter alia*, the Theft Act 1968, section 31(1) of which provided that a person should not be excused thereby from answering questions in proceedings for the recovery of property or for an account of dealings with property, but that any statement or admission made in answering such questions would not be admissible in evidence against that person for an offence under that Act.

The difficulty was that this modification of the privilege only applied to offences under the Theft Act; it did not apply to other offences which might have been committed in the course of a financial fraud.

If it was clear that a person's answers might disclose offences other than offences under the Theft Act, or some other Act which modified the common

law privilege, then the privilege against self-incrimination remained available.

In this case, it was alleged that Mrs Stephansen's answers might expose her to the risk of prosecution for conspiracy instead of or as well as for theft, and therefore the privilege was retained.

In his Lordship's judgment, the matter should be looked at realistically. Where there was a risk of exposure to prosecution for several possible offences, the fact that a person's answers would clearly tend to expose them to proceedings for some of the offences might reduce to almost vanishing point the risk of exposure to other offences.

The judge was right to say that on the evidence presently available it was fanciful to suggest there might be a charge of conspiracy as well as Theft Act offences. The judge took the view that Mrs Stephansen was the person involved in any possible offences. In these circumstances, to answer the questions would not, in any realistic sense, "tend to expose" Mrs Stephansen to proceedings for offences other than Theft Act offences.

Lord Justice Morritt and Sir John Balcombe concurred.

Paul Magrath, Barrister

The progeny of the post-war years are turning 50 and their tastes will have a profound effect on the economy, says **Diane Coyle**

Baby boomers on a spending spree

There is a secret ingredient to the success of old rockers like Mick Jagger and Eric Clapton: their age.

Their marketing genius is a product of their membership of the baby boom, the bulge in births in the 15 years after the war. Boomers stay loyal to their early idols. "Some of the preferences formed in youth last all the way through life," explains Professor Doug McWilliams of the Centre for Economics and Business Research, a business consultancy.

This month members of the baby boom started to turn 50. The middle-aged have become the fastest-growing section of the population. In the next decade there will be an extra 1.3 million people aged 45-60, and half a million fewer under 30. It is a demographic shift that will prove to be a milestone for business and the economy.

One sign that the middle-aged are starting to exercise their growing weight is the public airing of the problem

'Now they have the money they will satisfy their youthful fantasies'

of age discrimination. Last week the personnel magazine *People Management* said it would no longer accept job advertisements bearing maximum age restrictions. David Winnick, the Labour MP for Walsall North, plans a Private Member's Bill to outlaw the use of age limits in recruitment advertisements. At present, a third to a half of all advertisements for non-manual jobs in the private sector specify an age restriction.

The unique values of the baby boom generation, forged in the heady days of the Sixties, will alter the nation's spending habits. Whatever the disadvantages of middle age, it is a time when most people have attained their peak earnings. They have money in their bank accounts and will spend it on a different mix of goods and services to the shrinking cohort of under-thirties.

In a recent report published by Paribas, an investment bank, the author

Rafael de la Fuente said of the Woodstock generation: "Almost certainly some 'hippy' values will make themselves felt." He cites the initial wave of green consumerism as an example of the influence of the "hippy" pound.

The combination of growing old and Sixties values in the fastest-growing group of consumers will favour products and services that emphasise convenience (leaving time for the more important things in life), health and individuality. For example, one survey found that a fifth of women aged 45 to 64 said they had no time to eat proper meals. Short queues at the

supermarket checkout and pre-prepared foods were high priorities for them.

Some experts have identified a likely nostalgia effect in spending patterns. "People will satisfy their youthful fantasies now that they have the money. They will buy those Sixties Ferraris or a Harley Davidson," says Professor McWilliams. Indeed, sales of Harleys trebled between 1987 and 1994.

The values and lifestyle of the newly middle-aged will also favour home communications, including telephone services, broadcasting and computers. The information superhighway, with its baby-boomer cheerleaders such as

the US Vice-President, Al Gore, and Newt Gingrich, Speaker of the House of Representatives, is a classic example of the generation's pre-occupations. Services ranging from entertainment and shopping to routine medical supervision are increasingly likely to be provided down the line.

Health and fitness will be another growth area as the boomers come face to face with the physical frailties of later middle age. Apart from the straightforward pressure of numbers on conventional medical services, demand for alternative and herbal medicines, chiropractors, acupuncture and the like will increase – the hippy effect again.

The market research company Mintel recently discovered that members of the 45-64 age group were far more likely than other groups to spend money on the home and household items. They were less likely to spend on the frilleries of youth: clothes, meals out, the cinema, new cars.

However, it is financial services that will enjoy the biggest sales boom. The clearest conclusion of all the research is that the boomers are starting to save substantially more as they plan for old age.

There is a threefold reason why the over-fifties have started to build up a substan-

tial financial reserve – which will be big enough to raise the whole economy's ratio of savings to income. First, people build up a financial reserve during their peak earning years in the decade or so before retirement. Now that there are many more people reaching this stage of their life, total savings will pick up.

The second explanation is the gap between the growing pensions and health bill next century, as the population ages, and government's ability and willingness to pay it. The amount of money held in private pension funds would have to rise from 70 per cent to 100 per cent of GDP in order to finance likely pension

commitments alone, according to Paribas. That would imply extra savings of about £200bn.

In addition, the need to put aside money for other services currently mainly provided by government, such as health and long-term care for the elderly, could require billions more in precautionary savings.

The third aspect of the impending boom in boomers' saving is their insecurity, on top of the known need to finance their old age. Mintel found a third of all 45- to 54-year olds – and half the men – were worried that they would lose their jobs during the next five years. The survey

also found that many in this age group were concerned about caring for their elderly parents and shouldering the financial burden of children unable to find work.

"The fifty-plus group were originally seen as the marketing man's dream, but the evidence is that they feel squeezed from all sides," says Angela Hughes, Mintel's research manager.

If the prudence of the fifty-somethings does turn Britain into a nation of savers, it will do the economy a favour. Although in the short-term there will be slower growth in consumer spending, in the long run investment and growth will rise. Britain has a lower savings rate than most other industrial countries, and most economists reckon this is part of the explanation for our perpetually disappointing economic performance.

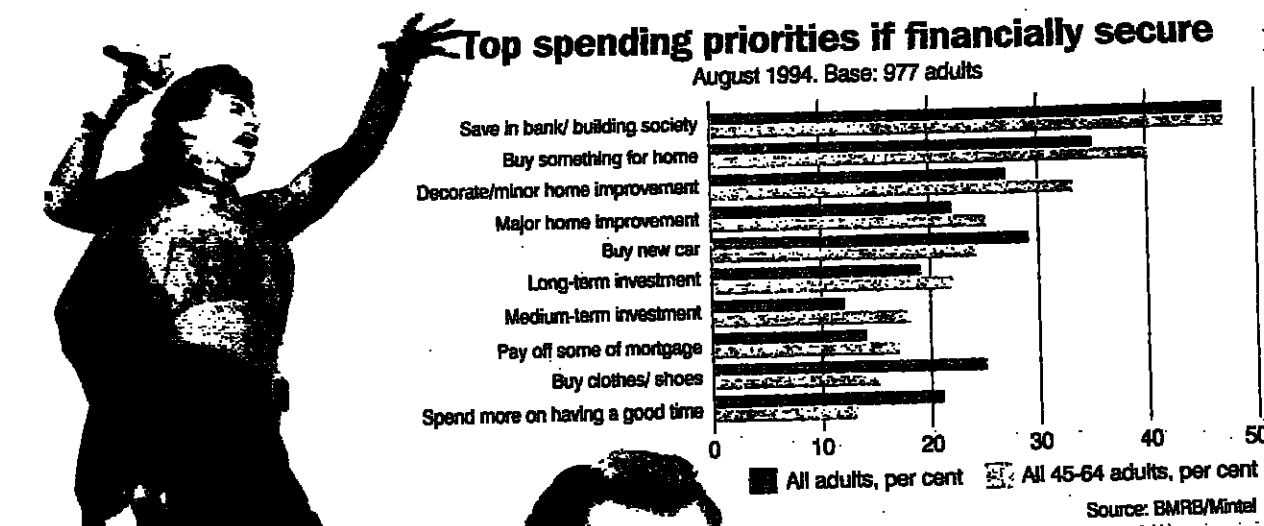
An increase is also likely to lead to a profound change in the national attitude to inflation. If there is one thing that savers hate, it is seeing the

Their cultural adventurousness is limited to a foray on to the Internet

value of their wealth eroded by inflation.

Those 50-year-olds still rocking along to the Rolling Stones have become, it seems, financially prudent homebodies. Their cultural adventurousness is limited to a foray on to the Internet from their home computer, and their social conscience is manifested in buying free-range chickens.

Meanwhile, the economic strength of the over-fifties is likely to translate into growing political muscle. Mr Winnick's Bill prohibiting age limits in job adverts is opposed by the Government, which argues that more regulation is not the answer. But Mr Winnick believes that age discrimination will eventually be outlawed: "When it comes to race or gender, we have had legislation outlawing discrimination for some time. Indeed, I campaigned for it in the Sixties," he says. The country's fastest-growing minority will not be lightly dismissed.



Change in population

1996-2006

AGE	Change
0-29	-554,000
30-44	+252,000
45-59	+1,315,000
60-74	+147,000
75+	+442,000
Total	+1,780,000

Sources: OPCS



In the middle of life's road: Mick Jagger, Billy Connolly, Trevor McDonald, Virginia Wade and Emma Nicholson

DIARY

Mad bishops: are they safe?

Is Dr George Carey, the Archbishop of Canterbury, suffering from HIV (Hopeless Intellectual Vagueness)? What parts of a bishop is it safe to eat? The answer to these and many other questions are to be found on a computer bulletin board run by the Rev Francis Gardom, a 62-



Dr Carey: not amused?

year-old curate in south London, as part of the traditionalists' campaign against women priests.

The campaign has decided to include jokes in its armoury, though a spokeswoman for Dr Carey at Lambeth Palace yesterday declared herself amused. The latest bulletin con-

tains a warning from the Rev David Dale of All Saints' Ryde, Isle of Wight, against Bishop's Spongiform Encephalopathy, or Mad Bishop disease, which is marked, he says, by an unusual ECG (Episcopal Cringeing Grin). The symptoms are everywhere, Rev Dale reports.

Dr Carey, regularly seen wearing an AIDS awareness ribbon, is diagnosed as suffering from Hopeless Intellectual Vagueness. "Luckily for them, the sufferers do not die, but their effect upon the rest of the church is deadly," says the message.

However, all is not lost. It is safe, the bulletin board explains, to eat bishop, providing you steer clear of the brain and backbone – "if you can find either".

Maggie's day

Today is Margaret Thatcher Day. True, it is only thus in the Falkland Islands, but there's nothing to stop anyone over here who feels so inclined having a party, I suppose. I asked the Falkland Islands Government Office what celebrations will be taking place on the Falklands, as the islanders commemorate their favourite ex-prime minister. "Well, nothing actually happens," replied

a government office spokeswoman. "We just hope people will put it in their diaries." To add insult to injury, it's not even a public holiday.



Still a factor for Falklanders

Hair-raising

Before last night's television programme *Return to the Dying Rooms*, the *Daily Mail* devoted a page to an interview with Kate Blewett, who risked her life to expose systematic killing within the Chinese state orphanage system. The picture caption read: "Heartbreak: Kate Blewett – with her newly cropped hair – cannot forget the horrors she saw in China's orphanages." Blonde, blue-eyed (thanks again, the *Mail*) Kate is somewhat at a loss as to the newspaper's emphasis on her hair-raising arrangements. "My hair was cut nine months ago. And frankly, in the light of the film, it's not exactly relevant."

Brunette, brown-eyed John Pilger never encounters these problems.

Lib Demzzz

Harrods sales shoppers are not the only ones, it seems, who are forced to camp out all night to obtain their objectives these days. MPs wanting to speak on 10-minute rule bills have discovered they have to "sleep over" in the House of Commons in order to beat the wily Liberal Democrats.

Last month Paddy Tipping, the Labour backbencher who represents Sherwood, slipped up when he nonchalantly assumed that his whips would find him a slot to speak on behalf of the Ramblers' Association Bill for free access to the countryside. He had not allowed for five Liberal Democrats "sleeping over" in a committee room opposite the public bill office to ensure they were head of the queue for the first batch of five 10-minute slots to be allocated in the new Parliament.

Yesterday, the day of the next round of allocations, Tipping was determined that history would not repeat itself. "I rose before the lark at 6.30am," he tells me "and waited in the Commons until the office opened at 9am."

Would he recommend that future applicants emulate the Lib Dems? "The room in which they slept is about 15ft by 10ft," he tells me. "It is

packed with old House of Commons volumes and records ... it's enough to put anyone to sleep."



Failure can be creative

Em's changes

Between vampish poses in her new *Vanity Fair* interview, Emma Thompson dabbles in marital psychology. Asked about the failure of her marriage to Ken Branagh, she retorts: "Marriages stop. Marriages change. People are always saying a marriage failed. It's such a negative way of putting it. I've discussed the value of failure in creative work. Failure is terribly important."

A close friend of her estranged husband tells me he agrees with this analysis, and will henceforth regard his film of *Mary Shelley's Frankenstein* as having stopped, if not changed.

Eagle Eye



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Nuclear power: not a spent force

The undignified rush to privatise nuclear power this year has had some serious consequences for the long-term security of Britain's energy supplies. Plans for new nuclear stations at Hinkley and Sizewell had to be scrapped last month: thinking about such developments has become impossible at a time when the industry is up for sale and other sources of electricity have become, at least temporarily, much cheaper.

Ministers seem to think that these consequences are acceptable. They comfort themselves with the short-term attractions of the sell-off. Privatisation is officially expected to raise £2.6bn, enough to fund a chunk of the tax cuts that could make the difference between victory and defeat in the general election.

Today, however, it emerges that the official estimate could be hopelessly optimistic. Analysis by experts at Sussex University suggests that the industry may in fact be worth only £800m, less than a third of the official valuation. Their report argues that even that sum may not be available for tax cuts – they say that it ought to be set aside to cover the costs of reprocessing spent fuel.

In short, if the Sussex University research is correct, the public will in effect get nothing for a privatisation that could undermine the nuclear industry.

There are good grounds for believing that this research is indeed right. The City certainly thinks that those selling Britain's nuclear power stations are deluding themselves about its potential value. A number of experts have for some time been saying privately what the Sussex study sets out in black and white.

All of this ought to make the Govern-

ment think again about what it is trying to do with the nuclear industry. After all, what is the point of rushing if there is not even a short-term electoral advantage of extra tax cuts to be gained from a quick sell-off?

Delay would provide time to rethink the abandonment of the Hinkley C and Sizewell C projects. The building of these power stations is essential if Britain is to retain its position at the cutting edge of civilian nuclear technology. If Britain leaves itself with only ageing reactors that are gradually decommissioned, it may find itself with no alternative to imported fossil fuels in the next century. It will also not be in the best position to meet possible international growth in demand for nuclear know-how and technology.

Ministers may not be too worried by this prospect. They may well be glad just to get the nuclear industry off their hands, even if it does go for a song. They know that for the next few years, at least, nuclear power stations are not likely to be able to compete price-wise against gas-fired competition. To them the industry probably looks like an unreliable car that is about to prove expensive, needing an MOT, taxing and insurance: certainly not worth fresh investment. Better just to offload it, at whatever loss, on to anyone prepared to accept it.

But this thinking is the worst type of short-termism, which could leave Britain's energy supplies prey to the whim of the next century's gas and oil sheikhs. If the Sussex research is right, then it is time the Government reconsidered its proposals and the whole future of the nuclear industry.

Cracking the glass ceiling

Marks & Spencer has appointed its first female executive member of the board, Clara Freeman. Well, good for Clara and good for M&S. Could this be further evidence that the fabled glass ceiling is finally cracking and women are making it to the top at last in the corporate sector?

Currently only a pitiful 3 per cent of company directors are women, according to the Institute of Management – a small rise from 2.6 per cent in 1992. And the number of women in top positions has increased, if slowly, over the last 10 years. The further down the company you go, the more women there are. Women make up 11 per cent of all managers. Clearly generational change is starting to occur: the grey-suited men retiring from directorships today are watching their dynamic daughters climb the career ladder behind them.

But although the ceiling may be cracking, it is still not allowing women to rise at the same speed as men. Research by the National Institute for Economic and Social Research shows that women at all levels of management stand a smaller chance of being promoted than their male colleagues. Most surprising of all, the biggest promotion gap is between young women and men. This is a telling disparity because the important rungs in most people's career ladders need to be climbed in their twenties and thirties if they are to make it right to the top. Unfortunately for women, that is just the age when many of them are opting to have children.

We all know the story. Even the mother who wants to keep working after the children are born still insists on getting home in time to pick them up from the crèche at five. Meanwhile, back in the office, her male colleague is still bashing away at the keyboard. Those extra hours earn him Brownie points with the promotion board.

If companies sit back and wait for talented women to battle their way through, it could be a long time before women are as well represented at the top of the business as they are at the bottom. Many leading executives are already aware that they are wasting the talents of highly qualified and intelligent women.

There is much that companies could and ought to do to make better use of their female staff.

First, they should change the long-hours culture which ensures that the highest rewards go to those who commit most evenings to the company. Accommodating women's – and increasingly men's – need for more flexible work without penalising their promotion prospects is essential. And companies ought to make better use of women returning to work: bright mothers in their fifties should be just as appropriate for top positions as younger men who have not taken time out for children.

Only by introducing such measures now will Britain be able to draw on the best talent to fill the top industrial posts in the next century.

Gentlemen, it's time for a bit of forward planning.

Enough lolly to buy half a soccer team

In the pub there was a big man and a little man and a woman who didn't seem to be with one more than the other, and they were talking about – what else – the National Lottery.

"Fourteen million pounds. What would you do if you won £14m?" said the little man to the big man.

"He'd buy us all a round," said the woman. "First one he'd ever bought."

They all laughed. This is what we call English humour. Then they got serious again.

"No, seriously," said the little man. "What would you do with £14m? After all, it could solve all your problems."

"No, it couldn't," said the big man. "Some people it wouldn't even begin to help. Imagine if you gave it all to the Royal Opera House. It would only tide them over for a little bit. Imagine if you gave it to Tottenham Hotspur. They could buy a few more players, but never enough."

"Imagine if you gave it to Kenneth Branagh," said the woman. "He could film half a Shakespeare play for that money."

"Which half?"

"The half that didn't have Emma Thompson in it."

They all laughed. More English



MILES KINGSTON

humour – you can't beat it.

"The trouble with £14m," said the big man, "is that it's too big to imagine and too small to be really valuable. It could set us all up for life. But it wouldn't build a bypass."

"What bypass?"

"Any bypass. Everywhere thinks they need a bypass. Imagine if you won £14m and decided to give your village the bypass it wanted. They'd love you."

"And you'd be hated by all the other villages that didn't get a bypass," said the woman. "But what I can't understand is why the winning ticket-holder hasn't come forward to claim his millions of pounds."

"Maybe he can't find the ticket."

"Maybe he is too busy discussing with his family what to do with the money."

"Maybe he's a she," said the woman.

"Maybe he lives in a household that strongly disapproves of gambling and he doesn't own up."

"Maybe he's dead."

"How do you mean, dead?" said the small man.

"It's a condition where you stop breathing and don't start again," said the big man.

"I know that," said the little man testily. "But how can a dead man buy a lottery ticket?"

"He wouldn't have been dead when he bought it. He buys it, he wins and he's so excited he snuffs it."

"Haven't people always said that you were more likely, statistically, to die at the weekend than to win the jackpot? What never occurred to the statisticians was that you might do both at the same time! And then that would explain why the bloke hasn't claimed his winnings."

"He's gone to another place and he can't take it with him..."

All this time, behind the three of them, a small man in an anorak was drinking a pint of beer and listening to their conversation. He made no move to join them, just seemed content with listening. There's one like that in every pub. Nobody ever speaks to them except to ask the way to the gents.

"I don't know why everyone

always asks what you do with the money," said the woman. "Just because you have money doesn't mean you have to DO anything with it. I've got several hundred pounds in the bank. Nobody ever asks me what I'm going to do with it."

"What are you going to do with it?" said the big man.

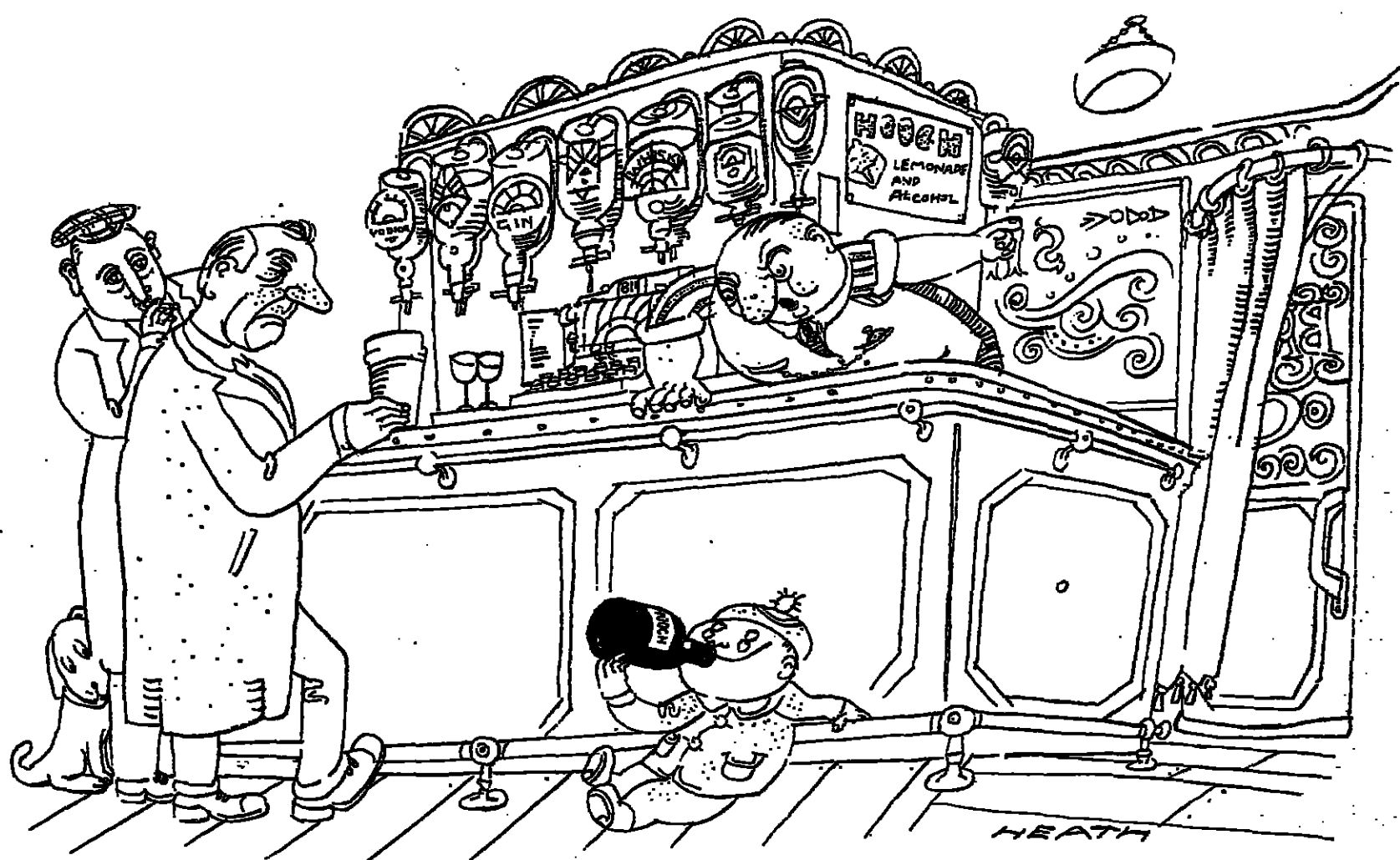
"Mind your own bloody business," said the woman, and they all laughed. Where would English humour be without insults?

"Maybe Virginia Bottomley won it," said the big man.

"She was asked once if she bought lottery tickets, and she said she always had a flutter. Well, maybe she was telling the truth. And imagine if she won the jackpot."

"There'd be a huge stink. People would shout 'Fix!' Tony Blair would promise to put a windfall tax on her. So, if she won, she couldn't afford to admit it, could she?"

All this time the lone man with the beer listened to them chatting as if it were his last chance to listen to a conversation on earth, which it was in a way, as he had the winning lottery ticket in his pocket and he wanted to savour a last moment of normality before he went and changed his life for ever.



"You've had enough!"

LETTERS TO THE EDITOR

Let the Wren soar above a piazza in Paternoster Square

From Mr Robin Butterell

Sir: I did raise my voice before, about what ought to occupy the north of St Paul's cathedral, currently Paternoster Square ("Time to call off this camp pantomime", 8 January). It was at the same time as Michael Manser, past president of the Royal Institute of British Architects, and I happily do it again to bemoan the terrible fate that must be prevented for St Paul's. One of the greatest buildings in our architectural heritage, it needs to be seen, not hidden behind a revolting barrage of pseudo-classical monstrosities.

Clear everything away... all the post-war austerity buildings, with the possible exception of Leo de Sylva's choir school. We need to go back to the original environment of small-scale (maximum three storeys) buildings, as it was: this vibrant patchwork of city byways – a delightfully ramshackle miasma of houses, offices, coffee houses, bookshops and workshops... this natural, harmonious and romantic relationship between Church, books and buildings.

Jonathan Glancey has said it all. Set back a modest distance, surrounding the cathedral with a well laid out piazza. Let it be

good contemporary architecture (not more Poundbury) of the right scale.

Yours faithfully,
ROBIN BUTTERELL
Chester
8 January

From Mr Kenneth Powell

Sir: My personal view is that there is a strong case for a refurbishment-based scheme for Paternoster Square. The existing buildings are well constructed, of good materials and have a lot of life left in them. They are, in fact, rather better than Jonathan Glancey suggests. The scheme is arguably one of the better products of the property boom of the Macmillan era.

The expanding market for hotels, shopping and housing within the City provides further support for refurbishment (which could be radical). The problem may be that the vast amount spent on acquiring the site and developing the present scheme means that the owners are looking for maximum profit in the office market. They would argue that the buildings are not adequate for modern corporate requirements.

Yours,
KENNETH POWELL
London, EC1

From Mr Michael Helston

Sir: This letter is really only to support Jonathan Glancey in his criticisms of the Prince of Wales, whose interventions, while no doubt well-meant, are misplaced and ill-conceived, a classic case of a little learning being a dangerous thing.

If I do have any view on the St Paul's scheme, it is that a proper competition should be held and that this should be neither rushed nor delayed excessively. It is important to generate a sense of urgency and tension without approaching panic.

Having said that, it is salutary to recall that competitions (the Sainsbury Wing, for example) are not always happy affairs in the UK: whereas less democratic commissions (Waterloo International) often work out better.

Yours sincerely,
MICHAEL HELSTON
London, E8
8 January

From Mr Adam Watson

Sir: You have my full support apropos the need for a better design in Paternoster Square. "Post-modern classicism" was

just about OK in the Eighties, but it's old hat now, especially when there is so much excellent new modern architecture around, that it's a pity to go backwards.

The city fathers have, I think, a pretty fair record of commissioning interesting new buildings. Let us hope this will continue.

Yours sincerely,
ADAM WATSON
London, W8
8 January

From Mr Kenneth Nightingale

Sir: Surely it would be possible to recreate the pre-war architecture in the immediate locality of St Paul's. After all, if it was possible for the post-war governments of Poland and the then Soviet Union to rebuild parts of Warsaw and the then Leningrad to their pre-war splendour, what is there to hinder this proposal other than commercial considerations?

In great cities the world over, cathedrals dominate their surroundings. This is as it was in London. Let's turn the clock back! Yours sincerely,
KENNETH NIGHTINGALE
Hove,
East Sussex
8 January

In defence of King Leopold

From Mr John Cairns

Sir: In the report "Allies' dilemma over 'cowardice' of Belgian king" (4 January), commenting on a release of Public Record Office papers, it is stated that

King Leopold III's surrender of the Belgian army jeopardised the Dunkirk evacuation and branded him a coward...

Let us consider some facts:

The evacuation from Dunkirk started on 26 May 1940, following the gradual withdrawal by the RAF of air cover for the Belgian army. Lord Gort, the Commander of the British Expeditionary Force, deliberately omitted to inform the king of this decision. The Belgian army held out until 28 May, thus assisting the British forces' evacuation. Sir Basil Liddell Hart, one of the best commentators on military matters of his day, stated that by prolonging his troops' resistance, King Leopold had "saved the British army from destruction".

Paul-Henri Spaak, the Belgian foreign minister, and other members of the government attempted to persuade the king to back them in efforts to negotiate a settlement with the Nazis. The king would have nothing to do with it. Spaak later admitted that, by his refusal, the king had prevented him and his colleagues from being cast in the role of Quislings.

There is a dictum that truth is the daughter of time. How much more time is needed for the injustices perpetrated against King Leopold, and the shame of those guilty of them, to be exposed and universally acknowledged, once and for all?

Yours faithfully,
JOHN CAIRNS
Ghent
Belgium

Sender unknown

From Mrs D. E. Wood

Sir: I have just been helping my mother go through her Christmas cards. She is 90, has poor sight and an uncertain memory.

"Nancy? Nancy who? Elizabeth? I know so many Elizabeths." May I appeal to your readers that next year, when sending cards to elderly people, they sign their names clearly and, ideally, include the surname. The cards give such pleasure, but it is somewhat diminished if the sender cannot be identified. Yours faithfully,
D. E. WOOD
Leigh, Kent

Tourist atlas

From Mr Keith Halley

Sir: Ian MacKinnon ("Landmarks for sale at £5m", 8 January) should consult an atlas. Even when the Orkney, Shetland and the Scilly Isles are ignored, the most northerly and southerly points on the British mainland are Dunnet Head (Caithness) and Lizard Point (Cornwall). No amount of tourist promotion can hide these basic geographical facts! Yours sincerely,
KEITH HALLEY
Dalkeith, Midlothian

Easter Epiphany

From Mrs Christine Smith

Sir: Seen in two supermarkets last week, before Twelfth Night: hot cross buns! Yours faithfully,
CHRISTINE SMITH
London, E1

"Drugs warning", 4 January) pharmacists are failing to give enough customers enough advice when selling them over-the-counter medicines.

On the contrary, chemists in the West End of Glasgow seem bent on counselling you whether you want counselling or not. You can't even buy a packet of aspirins without being catechised by a wee assistant: "Are these for yourself?"

"Are you taking any other medication?" "Do you suffer from ...?" And so on.

Some of us do check these things out for ourselves and don't need this tedious compulsory advice. Couldn't we be given the chance to forego it? Yours faithfully,
PAUL BROWSEY
Glasgow
5 January

Hogging the middle lane

From Mr David Watson

Sir: Dennis Walker (letter, 9 January) asks what exactly is wrong with the practice of continuing to drive in the middle lane of the motorway. The answer is simple: it is against the law.

Paragraph 164 of the Highway Code on motorway lane discipline states "Keep in the left hand lane unless overtaking".

I suggest that Mr Walker consults the Code before he next ventures out in his car.

Yours faithfully,
DAVID WATSON
Director, Public Affairs
Confederation of Passenger Transport
London, WC2
9 January

From Mr James Caird

Sir: I agree with Dennis Walker. Those who travel at 70mph in the middle lane are not road hogs. The road hogs are those who expect to travel faster than the speed limit at the expense of those who abide by it, by forcing them to move over into slower-moving lanes.

Yours faithfully,
JAMES CAIRD
Caynam, Shropshire
9 January

From Dr Mark Szczelkun

Sir: In resolutely sticking to the middle lane of the motorway, Dennis Walker should take heed of John Major's current predicament. The safest position is not always between those on the left and those on the right.

Yours faithfully,
MARK SZCZELKUN
Bristol
9 January

Main concern

From Mr S. W. Rawley

Sir: Are the compensation payments made by the water companies cheaper than the maintenance and repair of the water mains?

Yours faithfully,
S. W. RAWLEY
Beardsted,
Kent
3 January

Post letters to Letters to the Editor, and include a daytime telephone number. (Fax: 0171-293 2056; e-mail: letters@independent.co.uk) Letters may be edited for length and clarity.

JP 11/10/150

In praise of the maligned Mr Portillo

The Defence Secretary's views have been distorted by friend and foe, argues Andrew Lansley

It was Jim Callaghan who said that La lie is halfway around the world before the truth has got its boots on. Michael Portillo has been, literally, on the other side of the world, various absurd misrepresentations have been up and running here in Britain about what he is alleged to have said about Emma Nicholson's defection and what he is alleged to have been planning to do with the Admiralty Arch.

We all know that to be misquoted or misrepresented is the politician's occupational hazard, but it doesn't mean that we have to accept that every cock-and-bull story has to be accepted at face value. I like to judge issues, and people, on their merits and on the facts. Neither of these stories stands up to examination. Michael Portillo didn't say that if Emma Nicholson – and, by extension, others – was a federalist, she should get out of the Conservative Party. She made it clear that the Liberal Democrats are committed to a federal Europe, to a United States of Europe. Conservatives are opposed to that, yet that is the choice Emma Nicholson has made.

To criticise the Liberal Democrat policies is no more nor less than the Prime Minister and the Foreign Secretary have said and would say. They, and Michael Portillo, have acknowledged that the Conservative Party is a broad church. Leaving the Conser-

vative Party for the ranks of the Liberal Democrats implies embracing the programme of that party, which is an openly federalist agenda; one which Conservatives have criticised and will continue to criticise. There is nothing wrong in Michael Portillo doing exactly that.

The Admiralty Arch episode is even more absurd. Not only is there no plan to sell it, it is not Michael Portillo's ministerial responsibility anyway.

When Mr Portillo returns from representing Britain overseas he may feel justifiably aggrieved at the way in which the media and opposition have whipped up these stories into a personal campaign against him. I would suggest that he should continue to be relaxed about this. It is a measure of the opposition's lack of confidence in their own arguments over policy that they have to distort what we say in order to attack it.

The Portillo way is to be clear and precise; to say what he means and mean what he says; if necessary, to carry that clarity through into the logic of the argument. It is that about him which impresses people and which most alarms the opposition. Clarity about Conservative principles and policies contrasts with the emptiness and waffle which so often passes for opposition policy.

The worst thing Conservatives can do is to be drawn into internal debates

of an illusory kind about left versus right. Mr Portillo sees it as his task to fulfil his role as Secretary of State for Defence, to promote the policies of the Government as a whole and to criticise opposition policies. He does so with a skill and clarity which, the evidence suggests, is widely appreciated by those who work closely with him, not least in



Victim of a campaign whipped up by opponents and the media

the Ministry of Defence. It is those abilities to which the Prime Minister referred in his *Breakfast with Frost* interview on Sunday.

The job of Conservatives is to be equally focused upon the same tasks. We are not currently in the business of deciding the future of the Conservative Party; we are in the business of

deciding the future of this country. Nothing would serve Labour better than for the Conservative Party to be distracted into internal wrangling over non-issues or trumped-up rows. It would be a bonus to Labour strategists if Michael Portillo, one of the Conservative spokesmen most capable of presenting the party's argument forcefully, were to be hurt by friendly fire.

There are some in every political party whose concern is with the personalities – who's on the way up, or on the way down. There are a few, very few, in every political party who regard the ideological debates within their own party as more significant than the contest of ideas and policies between the parties. Ask the Labour Party if it is right to be thus preoccupied. It is not, and the need for the Conservative Party today is to draw upon its shared values and proven policies to demonstrate why we should be re-elected.

This will not be achieved by allowing the Labour Party to obscure the differences between Conservatives and Labour. That is why we should applaud Mr Portillo's approach, not censure it. The public look to the Conservative Party for strong and effective policies. His approach, both at the Treasury in terms of public expenditure, and now at the Ministry of Defence, is to offer that.

He has set out clear differences in policy between Conservatives and Labour on Europe, the Constitution, the economy, and privatisation. We need more of that, not less. Research with voters shows that those who have become disillusioned with the Government are not going in search of the certainties and success of Conservatism. They are not looking for a more extreme form of Conservatism but to be reassured that the principles and policies they recognise as Conservative are to be effectively delivered. The Prime Minister and this government have those policies in execution and in the making.

We will never be able to convince sceptical voters of this, however, while we allow strong opponents of those policies to be trampled by misinterpretations or false accusations. That is why all Conservatives should not stand by, still less experience any sense of *schadenfreude* at Michael Portillo's experiences of the past 10 days, but should defend him, as they would any party spokesman, recognising the strength he brings to us in taking our message to the British people.

The writer is prospective parliamentary candidate for South Cambridgeshire and is a former head of the Conservative Research Department.

Mitterrand: an amorality tale

The French president was the epitome of a man without principle, argues Jonathan Fenby

From Mohammed al-Masari to Whitewater, from South Korea's disgraced former president to a dozen European funding scandals, politics and morality sit uneasily together. And nobody epitomised the amorality of politics better than François Mitterrand, France's longest-serving president, who died on Monday. It did him no harm, keeping him in the most powerful elective post in the West for 14 years, but the effects on his country hardly merit the tributes being paid on all sides this week.

The tenacity of Mitterrand's quest for power has become the stuff of legend – how this politician from the pre-atomic age battled for almost four decades before winning supreme power. His reverses and recoveries through the Fourth Republic and the first 23 years of the Fifth Republic were enough to turn anybody into an intensely private, distrustful schemer for whom any sign of dissidence amounted to treason. The irony was that the moment of greatest hope for the progress of the French centre-left was precisely the moment at which a politician rooted in the introverted politics of the Forties and Fifties moved into the Elysée palace.

Mitterrand always insisted that what he prized above all was freedom. What he really meant was responsibility to anybody but himself. Thus he could have friendly lunches at his country home in the Seventies with the former collaborator police chief responsible for the mass deportation of Jews in 1942, and wax indignant when questioned about it. Thus he could play favourites with successive prime ministers, advance the career of a Flash Harry entrepreneur as a supposedly serious politician, and block the left's best hope for the Nineties out of personal vindictiveness. Thus he could refuse to return the telephone calls of one prime minister, who committed suicide in his depression, switch policies at the drop of a hat and introduce an electoral system that was bound to aid the rise of the National Front.

There were constants: for most of his career Mitterrand supported social reform and was a committed European. But from the abandonment of the initial attempt to build socialism in one country, it was the shifts and manoeuvres that increasingly came to define the man. By his second presidency, from 1986 to 1993, Mitterrand had become the epitome of a man without principle, the king of a

court in which the role of chamberlain might be played equally well by a prime minister from left or right and where the monarch's natural daughter was sheltered on the public purse.

The corruption at court echoed beyond the palace walls. Since 1990, dozens of prominent businessmen and politicians have been hauled up on charges of fraud and other wrong-doing. Figures in past Socialist administrations have been accused of involvement in anything from illicit funding arrangements and the diversion of public cash, to scandals over a telephone-tapping ring approved by the Elysée and the supply of HIV-contaminated blood to the national health service.

One former minister was sentenced to jail for rigging a football match; a Mitterrand confidant shot himself in the Elysée; one of the President's oldest friends used official information for insider dealing.

France's scandals are by no means confined to the left. But it does not matter much where the graft is detected. The net effect of the later Mitterrand years – and of the Mitterrand style – has been to undermine public confidence in those who

The corruption at court echoed beyond the palace walls

rule the country and – more important – in the state.

An opinion poll taken before the presidential election last spring showed that the French wanted to be able to put their confidence in a "strong state". In return, they have traditionally been ready to accept government by elites and by a political class that is not at home with Anglo-Saxon notions of democracy. But now the centre no longer provides the rock round which the country can revolve.

At some point, back in the Eighties, France's president made one deal too many, stabbed one former associate too many in the back and moved one step too far into the world of politics for its own sake. Mitterrand may have been hailed by Parisian commentators as a political artist, but he leaves a sombre canvas behind him.

The author was *Reuter Bureau Chief in Paris 1968-73 and Paris correspondent for the 'Economist' 1982-85.*

Buy a baby, save a life

Thousands will be moved by the TV images of Chinese orphans to try and adopt them. And why not?

Adoption organisations will be embracing themselves today for the inevitable reaction to last night's heart-rending Channel 4 documentary *Return to the Dying Rooms*. The pictures of neglected, Chinese children living in appalling orphanages, emaciated and starving, will spur thousands into wanting to rescue those tiny abandoned girls. A similar emotional outburst followed the exposure of conditions in Romanian orphanages in 1990. At the BBC, where I then worked, we were swamped with calls from people asking how to adopt the baby in the third cot from the left.

Is this a natural outpouring of



POLLY TOYNBEE

human kindness, or a voracious and dangerously sentimental wish to possess pitiful-looking babies? There has always been a rather lofty contempt for desperate infertile Western couples who set off to adopt foreign babies, as if they were predators upon the world's poor families, rather than rescuers. With virtually no healthy new-born babies available for adoption in Britain, more couples seek babies abroad. But often they find themselves treated by officialdom not as saviours, but as marauders.

Illegal baby-trafficking in some countries lays them open to charges of colluding with kidnappers. And even when adopting from countries with well-organised official procedures, couples often encounter deep ideological hostility in this country.

But what harm is there in the rich world taking in the poor world's rejects? As enquiries about adopting Chinese children crescendo, the Overseas Adoption Helpline has already had 1,800 requests for information about Chinese baby girls. China is now the single favourite source of babies for British would-be adopters.

A recent reciprocal agreement between Britain and China has meant that 70 baby girls have been adopted here so far, for the Chinese have no ideological problem with exporting the babies they find so hard to care for. The Chinese stipulate that foreign adopters must have a "home study" report from their local authority (for which the parents must pay up to £3,000), to certify that they are suitable. In addition, they must be childless, over 35, and their papers have to be sent to China through the British Department of Health. The couple pays \$1,000 to the Beijing government and \$3,000 to the orphanage for past care of the child. This appears to be an example of well-regulated adoption.

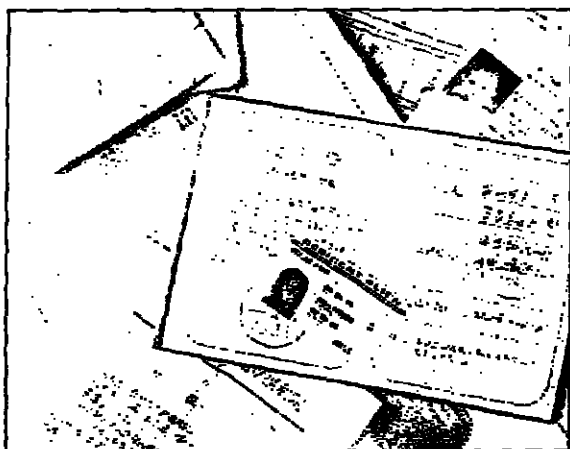
But not in the eyes of some British social services departments. They take their political cue from the powerful umbrella organisation, British Agencies for Adoption and Fostering, which has traditionally opposed inter-country adoption.

These days, through audibly gritted teeth, the BAAF has relented a little. Felicity Collier, their director, says: "We believe that wherever possible children should be cared for in their country of origin – though we do accept that occasionally where the problems are so acute, inter-country adoption may be the only route to survival. We feel countries should be helped to care for their own children."

BAAF's attitude reflects a sizeable part of social work thinking. Many prospective adopters still encounter suspicion and sometimes downright hostility from local authorities, who are under no legal obligation to provide the crucial home study reports.

Social workers' distaste for trans-cultural adoption was fuelled by the Romanian orphanages scandal. The extraordinary scene of thousands of Western couples descending on Bucharest, clutching wads of dollars in search of babies, was a disturbing spectacle – yet no doubt a great many babies were saved from death.

Now the Romanians have virtually closed their doors to adopters as a matter of national pride. This pleases the Ms Collier, who says: "They are



In safe hands: two-year-old Koreng with her adoptive parents. China has no ideological problem with the trade, and it seems to be well-regulated (left)

Photographs: John Angerson/Guzelian

now recruiting families locally to come forward and adopt, and their childcare facilities are of much higher quality... I understand Romania no longer has a problem."

This comes as bewildering news to the Romanian Orphanage Trust. Their director says there are still 90,000 children in terrible orphanages filled to overflowing. Many are abandoned by parents who cannot feed them, due to extreme poverty, and they become too severely retarded ever to return home. The illegal trade in Romanian babies still flourishes, with orphanage officials selling babies abroad in large numbers.

The Trust supports foreign adoptions, though it accepts this is never

going to be more than a marginal solution to the problem of abandoned children. It is working with the Romanian government to try to divert the £100 a month it costs to keep a child in an orphanage towards providing far cheaper help for families, where the average wage is £50 a month. They see no contradiction between these two policies. If some helpless dying children can be saved by foreign families, that does not hinder the attempt at creating a welfare system to prevent more children being abandoned. They take a practical, not an ideological, view.

The O'Curry family is among those to have fallen foul of the ideology of their local authority. Four years ago they

adopted a seriously backward child from a Romanian orphanage. They wanted to adopt her two sisters, so neglected that they cannot feed themselves, walk or talk. But true blue Buckinghamshire County Council, has refused permission, although Mrs O'Curry is a special needs teacher.

Other local authorities still obstruct foreign adoptions: Hammersmith and Fulham uses the simple device of putting requests for home study reports at the bottom of the pile. But an interview with Josephine Kwah, assistant director of quality assurance and planning, who chairs their adop-

There has always been a lofty contempt for infertile Western couples who set off to adopt foreign babies

tion panel, reveals all the ideological baggage that underpins this issue.

She says the reaction to last night's film will be "emotional", with couples falling for the charm of "sweet little babies" but she doubts they will cope with the child's needs for identity and cultural roots. She questions many adopters' "value systems" and wonders why they don't try to adopt from Rwanda. "We can't try to save all the world's children – we may have contributed to many of the world's problems in the first place." She draws on the experience of black British children brought up by white adopters, who, she says, suffer serious problems with their racial identity in a racist culture.

However, the basic question she and others don't address is whether a suitable adoptive family is one that rescues a child from certain death?

Among some social workers there remains an instinctive distaste for people who want to adopt healthy babies – middle-class, grasping, only in it for themselves... Why, some of them ask, don't these selfish couples want difficult British 10-year-olds from a lifetime in care, or children with disabilities? Because most ordinary people hope and pray they don't have difficult or disabled children. Those who do adopt hard cases are remarkable and admirable people – but why should the unlucky infertile be expected to predominate among them?

Adoption from abroad will never solve the starving world's problems, but each one is at least one child saved. If the risk of emotional scarring is so serious, perhaps the Chinese and Romanians would be kinder if they killed them all quickly? Looking at those desperate babies in last night's film, the humane answer for those with no chance of escape might well be yes, but I doubt any social worker would dare say so outright.

The Treaty of Rome requires governments to legislate so as to provide equal pay for men and women, with subsequent directives requiring equal treatment among the sexes. Because of these binding international covenants, European governments are obliged to eradicate sexual discrimination, with some welcome attempts being made to extend this obligation to cover racial discrimination.

It is a fact of law that governments are subject to the jurisdiction of the European Community, just as companies are subject to European and domestic laws. Given the legal require-

ments for governments and companies to comply with laws on discrimination, it is a nonsense to argue that political parties should be exempt.

To this extent, the decision of the Leeds Industrial Tribunal should be welcomed.

As for me, I would welcome the opportunity to be considered for selection in any winnable Labour seat, but I shall continue in any case with my academic career in law.

The writer won his sexual discrimination claim against the Labour Party on Monday.

Send a baby box to Bosnia this Winter

Disinfectant, nappies, washing materials – not what you'd think of giving someone. But for a desperate mother in Bosnia trying to keep her child safe from infection, the basic essentials inside one of our baby boxes would mean the world.

Feed the Children will deliver your box directly into the hands of mothers in Bosnia – many of whom will be sheltering in freezing schools, factories, and bombed-out houses this Winter.

Please send a baby box to Bosnia this Winter – help a mother keep her baby safe.



With love from a friend...

Call 0990 600610 now to tell us how many baby boxes you would like to send.

OR please complete and return this form.

Please send _____ baby box(es) of £30 each on my behalf.

I enclose a cheque for £_____ (total amount) made payable to

Feed the Children

OR please debit £_____ from my ☐ Visa ☐ Access ☐ Switch

Card number _____

Last three digits of Switch card no. _____ Switch issue no. _____

Expiry date _____ Signature _____

Name (caps) _____

Address _____

Postcode _____

Telephone _____

If you would like to send a message to a Bosnian mother, please send it with your donation and we will put it in your baby box. Please send too: Feed the Children,

Dept 427, FREEPOST, Reading, RG1 1BR.

Registered charity no. 803236.

ANOTHER VIEW Peter Jepson

Labour should accept the ruling on shortlists

The Leeds Industrial Tribunal, led by its chairman, John Prophet, deserves credit for the courage of its decision on all-women shortlists in the Labour Party. It would have been relatively easy for the tribunal to have referred a difficult decision to the European Court of Justice – in effect, passing the buck on what was clearly a very controversial decision that had "important constitutional implications" – as counsel for the Labour Party argued.

What it chose to do, however, was to make a declaration that the Labour Party had sexually discriminated against both Roger Dyas-Elliott and

myself in the constituencies of Regents Park and Kensington North, Brentford & Isleworth and Keighley. The Labour Party should now accept this decision of the industrial tribunal and get on with planning for the general election. To lodge an appeal in the courts would only establish a sore that would run until, and possibly beyond, the forthcoming election.

To many, it is seen as wrong that democratic decisions of a political party are challenged in the courts. Democracy, however, is not, and never can be, the tyranny of the majority over the minority, with no

ground rules as to standards. Would it be acceptable for the board of ICI to meet and democratically vote that they will only employ men? Of course not; in a democracy they should, and must, respect the rule of law.

No doubt this can be criticised as the imposition of political correctness, in that the views of the state with regard to what is sexually and racially correct are imposed upon society. But what is the alternative? Surely it cannot be acceptable that we have no employment laws, as some Fleet Street editors have implied, with just the rule of the jungle applying.

The Treaty of Rome requires governments to legislate so as to provide equal pay for men and women, with subsequent directives requiring equal treatment among the sexes. Because of these binding international covenants, European governments are obliged to eradicate sexual discrimination, with some welcome attempts being made to extend this obligation to cover racial discrimination.

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ments for governments and companies to comply with laws on discrimination, it is a nonsense to argue that political parties should be exempt.

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As for me, I would welcome the opportunity to be considered for selection in any winnable Labour seat, but I shall continue in any case with my academic career in law.

The writer won his sexual discrimination claim against the Labour Party on Monday.

Final £3.8bn terms fall short of Forte knockout blow

Granada unveils plan to pay 47p special dividend funded by sale of Meridien and Exclusive hotels

MATTHEW HORSMAN

Granada's chief executive Gerry Robinson last night signalled a knife-edge finish to his takeover fight for hotels group Forte, with an increased offer of £3.8bn that falls short of a knockout blow.

Amid one of the toughest takeover fights seen in the nineties, Granada's new terms are worth about 373p a share compared to the initial bid of 327p.

"It will be much or difficult for Forte to remain independent now," said a leading leisure analyst.

But other analysts added that Granada would still have to provide greater details on its plans to enhance profits at Forte's restaurants and hotels operations if its bid succeeds. "This is not a killer offer," said one. "It comes down to who can manage better, and precisely what kind of company—a pure hotels group or a hotels-and-food combination—investors want."

The City was also impressed by the way Granada raised its offer—using a tax-efficient special dividend of 47p payable to Forte shareholders once the bid is declared unconditional. For those institutional funds able to avoid tax, roughly 40 per cent of Forte's shareholders, the revised offer from Granada is actually worth 385p a share.

Granada also announced a separate agreement with the Council of Forte, which controls 0.08 per cent of the company's shares but 50 per cent of the votes. The Council has agreed to step aside, allowing ordinary shareholders to decide the outcome of the bid. Granada will pay the Council £50m for its stake, which is to be used to finance charitable activities.

In a change of strategy, Granada chief executive, Gerry Robinson, promised to sell Forte's upmarket Meridien and Exclusive hotel chains, using the

proceeds to help fund the special dividend. "We decided that we could not attach the same value to these assets as many hotel operators who willing to pay good prices," he said.

Mr Robinson hinted yesterday that he had never been wedded to the upmarket hotels. "We downplayed our intentions because we were bloody nervous that Forte might paint us as asset-strippers." But once Forte unveiled its own asset disposal plan, Mr Robinson said Granada became "less sensitive" to the charge.

Granada hinted that at least four buyers had made approaches to buy the hotels—including trophy assets such as the



Sir Rocco Forte: accused Granada of 'asset-stripping'

Grosvenor House in London. Granada expects to be able to raise about £2bn from the sale of the hotels, Forte's stakes in the Savoy Group and Alpha Airports, as well as the Welcome Break, motorway service areas. The company expects to bring gearing down to about 70 per cent after the disposals.

Forte immediately rejected the increased offer. Sir Rocco Forte, its chairman, said: "Now we see this bid for what it's worth—a 1980s style, highly leveraged asset strip which has nothing to do with management skills." A Forte spokesman

added: "Robinson has turned his previous strategy upside down. He didn't expect the strong defence from Forte and has been forced to regroup. Now he is engaging in a fire-sale of assets. This approach is only a week old, and it shows."

The spokesman added that Granada's revised bid, funded by asset sales, showed the company "could not get backing for a real, substantive increase to reflect Forte's true value. Granada is clearly being pushed."

Granada responded that its financing arrangements were solid, and that sub-underwriting was significantly oversubscribed. On the question of strategy, Granada said the core assets it wanted—Forte's restaurants, and budget and mid-market hotels—would be a profitable addition to group businesses, and that the up-market hotels would fetch good prices from trade buyers.

"We are now back to fundamentals in this battle," Mr Robinson said. "There has been a lot of huffing and puffing, but now shareholders have a real choice."

The starkness of that choice was echoed by fund managers, who said they would have to decide whether to stick to a pure hotels play with Forte—pocketing the proceeds of an £800m share buyback funded by Forte's planned sale of its restaurants business to Whitbread—or bet that Granada's management team can provide long-term growth.

Said one leading fund manager: "We came into Forte because we believed that the hotels cycle was turning up. We haven't always been happy with Forte's management, but I'm not sure this is the time to give up on them."

The bid closes on 23 January. Granada shares closed last night at 637p, down 6p, while Forte was trading at 351p, up 7p. Comment, page 17

Fourth profits warning in two years leaves institutions fretful over store group's future



Disenchantment: Brian McGowan's stewardship of House of Fraser has not given shareholders the returns they were hoping for

Pressure grows for shake-up at Fraser

NIGEL COPE

Pressure is growing for senior management changes at House of Fraser, the department store group run by Brian McGowan, a high-flyer in the Eighties, after the company issued its fourth profits warning in two years.

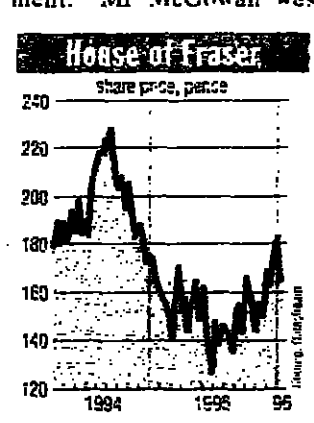
City analysts and institutional shareholders are expressing disenchantment over the company's performance since the Army & Navy and Dickins & Jones group was launched on the stock market to much fanfare two years ago.

Institutional investors are understood to have requested meetings with the company to learn why trading problems have persisted.

One shareholder said: "House of Fraser is not a

hopeless case but at the trading level things do not look good. They don't seem to have control over their stock."

Another investor said yesterday's statement "raised questions about the management." Mr McGowan was



brought in to chair the company and oversee its flotation. Andrew Jennings, the managing director, moved across from Harrods.

The company declined to comment on possible management changes. The fund management group PDM, which owns a 22 per cent stake in the company, also declined to comment. Talk of a possible takeover has started, although most analysts say the company is not attractive at the current price.

Yesterday's trading statement said that this year profits would be well below market expectations after a significant fall in the operating margins.

The City was expecting pre-tax profits of around £25m for the year to January but this

was downgraded yesterday to £16m-£18m. The company blamed the problems on changes in its sales mix, saying higher-margin ladieswear and homeware departments had been particularly disappointing, with sales down by 4.5 per cent. The company has been forced to discount stock to clear space for new ranges while slow-moving new stock has also been marked down aggressively.

Trading in the week before Christmas was strong, with comparative sales up 8.5 per cent on last year. However, sales for the 22 weeks to the end of December were up by only 2.3 per cent.

The company said it was addressing the problems with the recent appointment of a new merchandising director. It

also plans to invest £5m in new technology as part of a three-year programme that will see store refurbishments and new stores in the coming year.

House of Fraser shares were priced at 180p when they were issued in April 1994. After early gains to more than 200p they have fallen steadily following a series of profit warnings. Yesterday they closed 3p lower at 163p.

Some institutions say the company could become a takeover target, although the current share price is too high to attract serious interest. Sears, which owns the Selfridges department store, and Burton, which controls the highly successful Debenhams chain, could both be interested at a lower price.

Comment, page 17

Ogas considers delaying gas competition

MARY FAGAN
Industrial Correspondent

Ogas, the gas industry watchdog, has launched an investigation into whether competition in the domestic gas market should be delayed from the planned starting date of 1 April. Any delay would be extremely embarrassing for the Government, which until now has been adamant that the opening of the market—initially to 500,000 homes in the South-west—will go ahead on schedule.

It has also emerged that the issue of licences for new public gas shippers and suppliers will be postponed for a month until 1 March following a meeting on Saturday between the Department of Trade and Industry, Ogas and the industry.

The so-called "appointed day" on which licences will be issued was originally to be in October but was postponed to December and then February before this latest hitch.

Ogas is now thought to have

appointed Chris Rees of Touche Ross to examine whether 1 April remains feasible. One industry source said there were concerns that the computer systems and arrangements for coping with multiple suppliers would not be ready and that a bad start to competition would result in lack of confidence.

"This has got to work," he said. The DTI declined to comment. But it is thought that there is now acceptance that the project may slip. The DTI had been determined that competi-

tion for the 500,000 homes would begin in April and be expanded to 2 million households in 1997, with the entire country following by the end of 1998. The timetable for opening the market has been widely considered to be extremely tight.

A spokesman for British Gas pipeline arm, Transco, confirmed the delay in the issue of licences. But he said Transco, whose pipelines will carry gas for other suppliers, is "working its socks off" to ensure that everything is ready on time. Key to

the start of competition are the agreements governing the use of the pipelines and the arrangements to ensure that people get the right bills.

Rivals to British Gas, which include North Sea producers and electricity firms, have privately claimed that the company is dragging its feet over competition. Companies including Amerasia Hess have promised to undercut British Gas by about 15 per cent—about £80 for the average household—in the South-west.

British Gas, which fears it could lose the most lucrative customers through "cherry-picking" by others, has yet to say what it will do in response. In the industrial and commercial market, where competition is already allowed, British Gas has seen its market share decimated, although it is now fighting back.

In the consumer market the company faces the thorny problem of whether it should cut prices in the South-west to match competitors while leaving prices unchanged elsewhere.

Boeing beats Airbus to \$4bn Malaysian deal

RUSSELL HOTTEN

Airbus, the European aircraft consortium, was dealt another blow yesterday when Malaysian Airlines System announced that a \$4bn (£2.6bn) order for 25 planes was being placed with US rival Boeing.

The order for 15 Boeing 777s and 10 Boeing 747-400s was good news for Rolls-Royce, which also announced that it had secured a £315m contract to supply 30 Trent 800 engines to power the 777s.

The world's two biggest commercial aircraft manufacturers had been in fierce competition for the Malaysian business, and Airbus, led by chairman Jean Pierson, would have hoped to have won part of the deal at least. McDonnell Douglas, the struggling US manufacturer in merger talks with Boeing, had also put in a bid.

Malaysian Airlines said it did not split the order because it could not afford to operate too many different types of aircraft. "There could only be one winner," said Tajudin Ramli, chairman of the airline. "We need to make our engineering more efficient, and this can be done by standardising the type of equipment we operate."

This is the second big deal that Airbus, whose consortium partner British Aerospace builds the aircraft's wings, has lost in as many months. A \$12.7bn order from Singapore Airlines for 77 aircraft was awarded to Boeing in December.

Boeing captured two-thirds of the global market last year. Boosted by the dollar's weakness relative to European currencies, Boeing won \$31.2bn in aircraft orders in 1995, compared with \$7bn for Airbus.

An Airbus spokesman said yesterday: "We are very disappointed that the announcement was not in our favour." But he pointed out that Malaysian Airlines is still the world's largest user of the Airbus A330, with 10 aircraft, and "so was still a

very important customer."

Airbus was reported to have offered huge discounts to secure the deal, though the company firmly denied this and Mr Tajudin said he was unaware of any price-cutting. The Boeings were "slightly more costly, but they fit in more with our proposed destinations," he said. Boeing has also agreed to invest in Malaysia's fledgling aerospace industry as part of the deal. Airbus is believed to have promised to manufacture aircraft components in Malaysia.

Malaysian Airlines has 65



Flipped twice by Boeing: Jean Pierson, Airbus chairman

Boeings in its current fleet of 96 planes. The new order, stretching over five years, with the first deliveries in 1997, would give it one of the largest Boeing fleets in the world. Mr Tajudin said the fleet expansion was in line with projections that passenger traffic in the Asia-Pacific region would grow by 13 per cent a year over the next five years.

Analysts said the R-R contract would not have a great impact on profits, but was important because it would strengthen the manufacturers' presence in the booming Far East airline market.

Sandy Morris, of NatWest Securities, said the deal was exciting because R-R had fought off arch rival Pratt & Whitney, whose engines are used in Boeing 747s and Airbus AC-30s.

Accountants push for fraud review

The Government is being urged to set up an independent advisory panel and carry out a review of the law with the aim of simplifying prosecutions as part of a concerted campaign against fraud, which is estimated to cost British industry up to £10bn a year, writes Roger Trapp.

"Fighting fraud should come high on the agenda of government, the criminal justice system, business and the relevant professions," according to a paper published by the Institute of Chartered Accountants yesterday.

While pointing out that it would be wrong to suggest that the country is indifferent to the problem, it adds that "few in-

volves in combating it believe there is sufficient appreciation of the danger it presents. If leaders in and out of Parliament were more aware of the full havoc fraud can cause, they would surely seek to actively manage and reduce this key area of risk."

In an attempt to draw together all those involved in the fight against the problem, the institute is following up the publication of the booklet, *Taking Fraud Seriously* with a conference today.

The conference will be attended by more than 100 delegates, including heads of fraud squads from all over the country, MPs, lawyers, accountants,

academics and business representatives. It is hoped that this will provide a forum for discussing the issue and co-ordinating responses to it.

Among the recommendations put forward in the booklet—designed as a discussion paper and written by Tony Bingham of Coopers & Lybrand, Ian Huntington of KPMG and Martyn Jones of Touche Ross—are the creation of a legal duty for regulators to report suspected fraud to auditors, re-examination of the detection role of the statutory auditor in relation to corporate fraud and a code of business practice for dealing with the problem.

SEC ready to sue Joseph Jett

New York—Joseph Jett, the trader at the centre of the 1994 bond scandal that led to the demise of his company, Kidder Peabody, is expected to face civil charges of wrong-doing from the Securities and Exchange Commission as early as today, together with two of his former superiors at the company, writes David Osborne.

It is widely expected that as soon as US government officers are back at work after the East Coast storm, which should be today, the SEC will issue so-called civil administrative charges against the former trader as well as Edward Cerullo, who was head of bond trading at Kidder, and Melvin Mullin,

who first hired Mr Jett. Both Mr Jett and Mr Mullin have indicated that they plan to fight the charges.

When it erupted in April 1994, the Kidder scandal shook the financial industry, in part because it involved Mr Jett, one of Wall Street's highest-flying African Americans. It led General Electric to dispose of the firm to PaineWebber for \$670m in December 1994. The firm, which now only maintains a skeleton staff to handle legal claims, is not itself expected to face SEC charges.

Kidder Peabody fired Mr Jett when it discovered that he had allegedly generated some \$350m in false profits in bond

trades, apparently to enhance his year-end performance and thus his bonus. It contended that it knew nothing of Mr Jett's activities, a claim that Mr Jett disputes.

If found guilty of the SEC charges, Mr Jett would probably face being stripped of ill-gotten profits, fined up to \$100,000 and banned from the securities industry for life.

The US Attorney's office in New York is also preparing some criminal charges against him, although their filing is not imminent.

"I am completely innocent of these charges, I will not allow people to condemn wrongly," Mr Jett said this week.

STOCK MARKETS					
Short sterling*					
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low
FTSE 100	3700.30	-20.30	-0.5	3720.60	2854.20
FTSE 250	4070.90	-9.20	-0.2	4080.10	3500.90
FTSE 350	1839.70	-8.80	-0.5	1848.50	1482.40
FT Small Cap	1977.43	+2.82	+0.1	1993.11	1679.51
FT All Share	1813.35	-7.86	-0.4	1821.21	1489.22
New York*	5157.58	-40.10	-0.8	5216.47	3832.08
Tokyo	20592.08	+88.50	+0.4	20669.03	14485.41
Hong Kong	10427.20	-39.47	-0.4	10573.90	6957.93
Frankfurt	2349.66	+26.16	+1.1	2349.66	1910.96

Source: FT Information

INTEREST RATES					
Money Market Rates					
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low
US	6.47	6.37	-0.1	6.47	6.37
UK	5.56	5.25	-0.3	5.56	5.07
Japan	0.50	0.53	0.3	0.50	0.47
Germany	3.81	3.59	-0.2	3.81	3.59

Bond Yields*					
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low
US	7.48	8.72	7.63	8.69	7.48
UK	5.56	5.25	-0.3	5.56	5.07
Japan	0.50	0.53	0.3	0.50	0.47
Germany	3.81	3.59	-0.2	3.81	3.59

Commodity Prices					
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low
Oil	22	6.0	27.3	6.0	22
Gold	388	22	5.7	388	22
Platinum	272	15	5.8	272	15

CURRENCIES					
FT-SE 100					
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low
US	1.5455	-0.44c	-1.5972	1.5455	1.5455
UK	1.5475	-0.20c	-1.5815	1.5475	1.5475
Japan	2.2304	-0.18c	-2.3854	2.2304	2.2304
Germany	1.5281	-0.08c	-1.5642	1.5281	1.5281
France	1.5281	-0.08c	-1.5642	1.5281	1.5281

Dow Jones*					
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low
US	19,011	-221	-1.16	19,011	19,011
UK	3,943.30	-22	-0.56	3,943.30	3,943.30
Germany	255.13	-0.08	-0.03	255.13	255.13

Other Indicators					
Index	Close	Day's change	Change (%)	1995/96 High	1995/96 Low
Oil	22	6.0	27.3	6.0	22
Gold	388	22	5.7	388	22
Platinum	272	15	5.8	272	15



COMMENT

In his determination to save something of the family silver, Sir Rocco Forte has been prepared to give the City virtually all it could ask for... bar one thing: his own head

Conjuring cannot change Forte's track record

The lines are drawn, the gloves are off, decision time approaches. Forte has fought a magnificent campaign. If ever there was a case that deserved to win on public relations effort alone, this is it. During the course of the takeover battle, Forte seems to have brought about a sea change in City perceptions, swinging the position from that of a no-hoper to that of commanding lead over its assailant, Granada.

In the end, however, this is not a difficult choice to make. What we have seen from Forte over the past six weeks amounts to little more than an elaborate show of pyrotechnics. In his determination to save something of the family silver, Sir Rocco Forte has been prepared to give the City virtually all it could ask for - a spectacular share buyback funded by the sale of the company's roadside catering business, the sale of the Savoy stake, the promise of a steadily rising income stream. Everything, that is, bar one thing: his own head. Even that may be negotiable, with Sir Rocco possibly prepared to split the roles of chairman and chief executive. But there is one thing that all the conjuring cannot do. It cannot change Forte's track record, which, even on the kindest of interpretations, is a poor one.

With a decent bid, if not a knock-out one, now on the table, this is Granada's strongest card and ought to seal Forte's fate. Not that anyone should have any illusions about Granada's bid - it was exposed yesterday for all its base motives as an old-fashioned

break-up, what used to be called asset-stripping. Granada plans to keep only the roadside restaurants and the middle- to down-market hotels. The rest will be sold. Nothing like this - to bid £3.7bn to sell £2bn of assets - has been attempted for many a year. Furtive, with the bid costs now mounting towards £70m, the cost of failure is high.

The alternative is not particularly alluring either, however. Forte as a pure hotels group may seem to provide the "focus" that shareholders like to see in companies these days, but in truth there is little that unites the management of top-of-the-range trophy hotels with that of the Presthouse chain. Forte's past gives little reason to suppose it can deliver the profits necessary both to fund its dividend promises and the investment these hotels demand. It's time to move over and give somebody else a go.

Dark days in the European heartland

The steep jump in German unemployment in December is a storm signal not just for Germany but for the wider European economy, including Britain. Apart from the obvious danger of slack demand in the engine-room of Europe affecting trading partners through lower demand for exports, the intensity of the German slowdown casts a pall over prospects for European Monetary Union.

The silver lining to the depression sweeping in from Europe's heartland is that Kenneth Clarke will find his path to lower interest rates eased by a further reduction in German rates. It now seems likely that the Bundesbank will cut the discount rate again to 2.5 per cent - a rate only reached once before since the War - this spring.

After stalling in the third quarter of 1995, the German economy now seems certain to have gone into decline in the fourth quarter. The sharp rise in unemployment of 68,000 in December - the highest for more than two years and the fifth consecutive monthly increase - testified to a seriously sagging economy. Industrial output in October and November was more than 2 per cent below the third-quarter average.

Bear in mind that even the picture of flat output in the third quarter was a flattering one. Without a big rise in stockbuilding, economic activity would have fallen substantially. Against this background, the decision of a leading German economic institute, the DIW, to halve its growth forecast for 1996 from 2 to 1 per cent looks plausible rather than alarmist.

While conceding that Germany was now likely to miss the Maastricht criterion of a budget deficit of 3 per cent or less in 1995, Theo Waigel, the German finance minister, claimed that Germany would make amends in 1996. This looks more like the bravado of finance ministers around the world rather than a realistic prognosis.

But if Germany is in difficulty on that front, how much more so will France be? The Bundesbank's half-point cut in the discount rate in December opened up headroom for a further reduction in the intervention rate tomorrow by the Banque de France.

But even if the Bundesbank cuts again, the easing in monetary policy looks like coming too late to lift French economic growth much above 1.5 per cent next year.

If the dollar weakens in the spring as Japanese institutions liquidate dollar-based assets to meet end-of-year reporting goals, the franc fort policy could come under renewed pressure. The moment of maximum danger for the French usually attends dollar weakness. To the beleaguered French authorities, the goal of meeting the Maastricht deficit objective looks ever more like an endlessly receding mirage.

With a quarter of visible exports going to France and Germany, the British economy will not be able to escape the downdraft from a tailspin in the heartland of the European economy. The Treasury's forecast of a recovery in exports of goods and services to over 7 per cent in 1996 looked over-optimistic at the time of the Budget; now it looks increasingly unachievable.

The jump in German unemployment also serves as a further antidote to Tony Blair's vision of the stakeholder economy. If any European country offered a role model and deserved such a soubriquet it was Germany.

Yet there is no greater stake for citizens in an economy than a job, something that the German economic system is no longer any better at providing than Britain.

Time to move house at Fraser

House of Fraser has been a nightmare on the high street, for its shareholders at least. The lumbering department store group has promised much but delivered little since it came to market two years ago.

It is now three years since the Fayed brothers of Harrods fame sold the group, so it is no good excusing this poor performance as the curse of the Fayed. Brian McGowan, the much-feted 1980s star who performed so well at Williams Holdings, and Andrew Jennings, who left Harrods to become House of Fraser's managing director, must take the blame.

It was Mr McGowan's presence as chairman that lured around 100,000 private investors into House of Fraser. But the shares, priced at 180p on flotation, have been hit by four profit warnings and now stand 10 per cent below the issue price. They have been given the benefit of the doubt several times by patient institutions, but Mr McGowan and his fellow directors should now be asking themselves who their successors will be.

Labour attacks 75% workforce cut at National Power

MARY FAGAN
Industrial Correspondent

The Labour Party slammed National Power yesterday for cutting jobs by almost three-quarters over the past three years while the pay of the company's chairman has tripled.

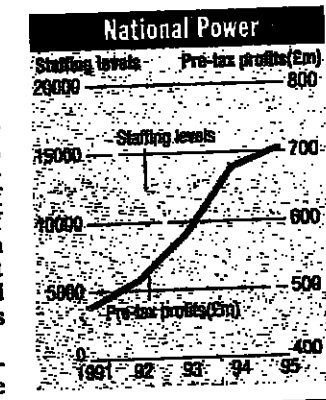
The attack was sparked when National Power, the nation's largest electricity generator, announced that it was to cut 400 jobs, bringing its workforce to around 4,500 compared with almost 16,000 at privatisation five years ago. The Labour Party said it was "disgusting" and claimed that the 11,000 job losses at the company have cost the taxpayer £49m in lost tax and benefits.

Ian McCartney, shadow employment minister, said: "National Power may have cut its workforce by two-thirds since privatisation, but the 'cost savings' have stopped at the boardroom door." He said boardroom pay had "rocketed" over the period with the remuneration of John Baker, until recently chief executive, increasing from £106,000 in 1991 to £398,000 last year. Mr Baker is now paid £180,000 in his capacity as chairman.

National Power said the reductions, which will be made

among management and clerical staff at the company's headquarters in Swindon, would help to save £40m in 1996/7 and £60m the following year. But Mr McCartney said: "No one opposes increasing efficiency, but in the privatised utilities of Tory Britain that always seems to mean job cuts for the workforce and pay rises for the executives."

The job cuts caused uproar from the staff unions, with Celia Piley, national officer for the Engineer and Managers' Association, saying that the unions would challenge the move through the consultation process. "It is difficult to think of a worse start to 1996. These latest cuts threaten to turn a lean



company into an anorexic one," she said.

Her anger was echoed by Unison, which said it would seek urgent talks to try to reduce the planned cuts. Mick Brade, Unison's senior regional officer in the southern region, said: "The consequences will be stress and loss of morale. It demonstrates that the threat of job insecurity is in the workplace and not in people's minds as some Tory ministers believe."

National Power said its improved efficiency had come from a range of measures, not only reductions in staff. A spokesman added that benefits have been passed on, with typical industrial customers seeing electricity prices fall by around 23 per cent since the industry was privatised.

Andrew Swanson, company secretary, said a review of non-power station costs, which resulted in the latest 400 losses, had been carried out "against a background of increasing competition in electricity generation".

Mr Swanson added: "National Power believes that the cost savings and increased efficiency will enable the company to continue to compete vigorously in its home market whilst developing the business abroad."

Company denies crisis amid widespread City speculation it may file for bankruptcy



Photograph: David Sandison

Shares plunge over Eurotunnel fears

RUSSELL HOTTEN
and DAVID HELLIER

The precarious position of Eurotunnel was underlined yesterday after widespread City rumours that the Channel Tunnel operator had filed for bankruptcy.

Shares fell 6p to close at an all-time low of 77p after speculation started in Paris that

Eurotunnel, co-chaired by Sir Alistair Morton, had called a press conference for this morning to announce its collapse. On the Paris bourse, Eurotunnel was off nearly 40 per cent, closing at Fr6.20.

Sources close to Eurotunnel's banks described the rumours as nonsense, while a Eurotunnel spokesman in Paris said they "were without basis". The com-

pany's press conference has been called to announce upbeat trading and forecasts.

The nervousness was fuelled by reports that the Japanese consortium holding Eurotunnel's £8bn debt are to sell a large part of their borrowings.

According to Klesch & Co, the secondary debt specialist which has been persistently

bearish on Eurotunnel, many Tokyo-based financial institutions, hard pressed because of domestic problems, are expected to sell their borrowings by the end of March.

Eurotunnel's agent banks say they do not know if the Japanese banks have written off any debt. Eurotunnel had hoped to present a financial plan to banks by the end of January, although

it is now increasingly likely that it will only be able to provide a progress update.

This expectation led many analysts to conclude that a complete debt restructuring was becoming increasingly difficult and that receivership may well be an option. The fact that the banks' adviser from Coopers & Lybrand was in Calais added weight to that theory.

Payouts to fraud victims soar

NIC CICUTTI

Compensation payments to victims of fraud or bad advice are set to rocket by 75 per cent, up from £10m last year to £28m for the tax year ending in March.

The Investors' Compensation Scheme, the financial industry's safety net, is being forced to pay more and more compensation by the collapse of growing numbers of independent financial advice firms.

Some £20m has already been paid out in the first nine months of this financial year, with payments averaging up to £3m a month. ICS officials privately predict future years' payouts are likely to rise even further.

The scale of this year's payouts, after several years of steady falls, increases pressure

on the Personal Investment Authority, the industry watchdog, to reorganise its contributions to the beleaguered scheme once and for all.

Unless it is, experts believe the scheme is unlikely to be able to meet claims lodged against it by thousands of victims of the pension transfer scandal.

Once it begins to compensate thousands of people wrongly urged to leave their occupational pensions and switch their funds into private ones, payouts by the scheme may explode.

Nearly all the compensation will have to be met by members of the PIA, which is liable for a levy of up to £100m. Some estimates of the compensation needed are several times that amount.

Gareth Marr, a member of

the PIA pensions working party, and also managing director of Moors Marr Bradley, a leading firm of advisers, said: "I have total sympathy for the idea of rigorous regulation on behalf of consumers."

"But the worst possible scenario is that a decent adviser is pushed out of business because of heavy financial demands, that he is not responsible for, from the scheme." The PIA is expected to issue a discussion paper on investor compensation shortly.

About three or four firms are declared in default each month by the ICS. Its staff are now examining more than 200 financial advisers that have gone bust in recent months to check whether their clients are entitled to compensation. David

Cresswell, customer services manager at the compensation scheme said: "We are hoping that this is a short-term bulge rather than a long-term trend."

"What we are seeing is the final gasp from former members of Fimbra (the financial watchdog replaced by the PIA). Once they are declared in default by us, then payments are made in relation to past years' negligent advice. We then expect the scale of claims to fall again."

Mr Cresswell admitted this did not take pension compensation into account: "They are the big unknown. But it is not for us to have a view on how the scheme is set up."

"Our only concern is to pay compensation to investors entitled to it, as effectively as possible."

Alarm at German jobless rate

The number out of work in Germany leapt by 68,000 last month, bringing the national unemployment rate to within a whisker of 10 per cent, and fuelling fears about the health of Europe's largest economy.

The figures came as former Chancellor Helmut Schmidt described the German economy as a "shackled Gulliver" with over-regulation inhibiting investment. He warned that the overvalued German mark was the most negative factor in the economy.

The former Social Democrat leader called for cuts in both public spending and taxation.

"If we don't want endless strikes like in Paris, class war like in England or a crippling of public services like the United States, then we must pull ourselves together in 1996," he warns in tomorrow's weekly edition of *Die Zeit*.

Union dismay at effects of 'shackled Gulliver' economy, Imre Karacs writes from Bonn

Figures released by the Federal Labour Office yesterday showed that seasonally adjusted unemployment rose by 68,000 in December to stand at 9.9 per cent of the workforce. The unadjusted total rose by 212,000 to 3.8m.

The statistics also indicated that the so-called "unity boom", driven by soaring demand in the east, was over. There were massive job losses in the eastern part of the country, taking the unemployment rate to 15.2 of the workforce.

In the west, unemployment rose to 8.6 per cent. Another 1m workers on retraining schemes or in early retirement are excluded from the statistics.

The latest figures suggest that the economy is slowing down far more rapidly than the government had predicted. The Economics Ministry had forecast stagnation in the second half of the current financial year, with growth resuming in the summer. But even if that were to happen, the number out of work will cross the psychologically important 4m barrier by the spring, and the jobless rate will hit double figures, probably next month.

Alarmed by the rate at which German jobs are disappearing, often to foreign countries, the government has endorsed a proposal by the largest trade union IG Metall for a pact be-

tween workers and employers. Last year the 3-million strong engineering union resorted to strikes to extract an annual four-per cent pay rise over two years.

Now IG Metall is calling for an "Alliance for Jobs" with employers, and is prepared to keep next year's wage demands at the level of inflation, currently less than two per cent. In exchange, it wants a commitment from the employers to create 300,000 new jobs by 1998.

Gesamtmittel, the employers' organisation, said it was unfair to expect employers to conjure up 100,000 jobs this year while the workers were about to receive their 4 per cent wage increase. The employers also wanted lower starting wages for those returning from long-term unemployment and proposed to trim holiday bonuses.

IN BRIEF

Train leasing group looks for £550m

Nomura, the Japanese securities house, yesterday launched a £550m international fund-raising for Angel Train Contracts, one of the three British Rail rolling stock leasing companies sold by the government last year. Guy Hand, head of the principal finance group at Nomura in London, said the issue fulfilled a commitment to provide Angel with access to international capital markets. Nomura is a member of the consortium that set up the winning bid for Angel, which owns nearly 3,700 passenger carriages and has lease revenues of £291m.

Restructure for bridal-wear group

Brackenbridge, the Promptia and Youngs bridal-wear company is being restructured via an acquisition and a capital-raising exercise. The company is paying £525,000 for Langside, a provider of men's formal wear. Langside's managing director Charles Brine will become chief executive of the enlarged group, which is to change its name to Formal Group. To finance the acquisition, the company is raising £1.9m via a placing and open offer at 1p per ordinary share.

Allied man received £680,000 pay-off

David Jarvis received £687,845 from Allied Domecq in compensation for loss of office as head of the drinks group's spirits and wines operation, according to the company's annual report. Mr Jarvis re-emerged within three months of leaving Allied as chief executive of Hilton International, Ladbroke's hotel business.

£2.2m for former NFC directors

Former directors of NFC received £2.2m in severance payments for loss of office, according to the transport and distribution group's annual accounts. NFC has made sweeping changes to its board recently in an attempt to turn the tide of its poor performance.

SFO may re-open Barings inquiry

The Serious Fraud Office is considering reopening its investigation into the Barings collapse after a court in Singapore cleared access to papers belonging to Barings Futures Singapore, where Nick Leeson carried out his ruinous derivatives speculation.

Kleinwort buys Warburg leasing business

Kleinwort Benson has acquired Warburg's leasing business for an undisclosed sum. The acquisition comprises the whole of the former SBC Warburg big ticket leasing portfolio and the ten-man team, led by Michael Hardwick. The combination with Kleinwort's existing business should result in a £1bn leasing operation.

Rowland re-elected Lloyd's chairman

David Rowland has been re-elected chairman of Lloyd's of London for 1996. John Stace was re-elected deputy chairman and John Charman was elected deputy chairman, replacing Robert Hiscox.

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business

THE INVESTMENT COLUMN
Edited by TOM STEVENSON

Investors face a dangerous year

One of the highlights of the otherwise dull post-Christmas period in early January is the annual visit to London of Bob Farrell, the senior investment advisor to Merrill Lynch in New York. One of the leading market strategists in the US, he always attracts a big crowd of fund managers eager to hear his views on what the next 12 months hold. Having largely missed out on the Dow's remarkable surge last year, which caught almost everyone on the hop, it was no surprise to see so many at yesterday's talk.

He didn't disappoint. If he is right about 1996, we are in for a volatile year on Wall Street which means London will undoubtedly be buffeted in the side winds.

While the past is rarely a good guide to the future in investment, statistics after statistics suggest worryingly that 1996 could be the most dangerous year for stock markets since 1929.

Some of the pointers towards a grossly overvalued stockmarket include the following:

□ The period from October 1990 (when the stockmarket had just fallen 22 per cent in the run up to the Gulf War) is the longest period this century without a 12 per cent or greater correction. The Dow's gain in 1995 has been the biggest in any year since 1975.

□ Initial public offerings and mutual fund sales are at record highs, as are volumes on the stockmarket. The yield on US stocks, at just 2.29 per cent, is lower than at any time since 1930, suggesting that investors are ignoring the important fact that half the average annual return on shares comes from dividend payouts.

□ American households have a historically high percentage of their assets tied up in equity investments. The market value of all equities and fixed income securities is a higher proportion of total corporate assets than at any time since the war and the stockmarket as a proportion of nominal GDP is higher than at any time since, you guessed it, 1929.

These ought to be alarming statistics and against that weight of information the counter arguments seem flimsy: they state that demographic changes mean that the US is transforming itself from a nation of consumers to investors which will shift the levels at which alarm bells start ringing; also, as foreign investors largely missed out on last year's party, they will move in this year, extending the festivities; finally, bull markets always run

longer than logic suggests they should as the fear of missing out (greed) overrides the fear of overpaying (fear).

The bullish outlook is confirmed by a number of cyclical pointers, which while they seem unscientific do appear to be at least consistent. One of these shows that while the 5th year in a decade (1945, 1955 etc) has been positive in every decade for a century, the 6th year has also had a good run (8 up, 3 down). Be warned, though, the 7th year has a dreadful record, especially when, as in the 1990s, it is the year after a presidential election. That is a year off, however, in the meantime volumes, which tend to peak 5 months before the market follows suit, are rising, which suggests the market still has momentum. New issue activity is also encouragingly buoyant.

So much for the market. As Mr Farrell is the first to admit, however, getting market timing right is far less effective in investment terms than picking the right stocks. He tells the story of two investors, one of whom jumped in and out of the market at all of its peaks and troughs between 1940 and 1973 while the other stayed fully invested, but always in the best performing sector.

The first investor turned \$1,000 into a useful \$86,000, not a bad return. The second, however, had his feet been achievable, would have turned his \$1,000 into a cool \$4.3bn.

Of course neither route is a realistic possibility, but the point is well made. In a volatile market, the need for selectivity is greater than ever, so what are Mr Farrell's tips for the year?

Japan, he thinks, will have a good couple of years, but be careful this is a cyclical bounce and does not reflect underlying growth. Dollar assets will do well as the currency moves in the right direction. Small cap stocks will outperform their larger peers, gold will break out of its current trading range and selected emerging markets will outperform the established centres.

Longer term, the themes for the 1990s which will drive stocks this year and for the rest of the decade could be as follows: expect producer assets to be buoyant as capital spending rises in a major productivity push; the communications revolution will continue apace; and demographic changes mean massive opportunities for healthcare stocks in the broadest sense. Tread carefully this year, however - there have

never been two successive years without at least a 5 per cent correction. Whatever it is, 1996 is unlikely to be dull for investors.

Bespak still has its problems

Bespak ought to be a go-go stock. The company leads the world in the manufacture of asthma inhaler valves, which were at the centre of Rhône-Poulenc Rorer's recent £1.8bn bid for Fisons, and sell into the respiratory drugs sector, the fastest-growing part of the pharmaceuticals market. Instead, the shares languish at less than half the 1993 peak of 707p, even after yesterday's 10p rise to 325p.

The old management which led Bespak astray has gone, but despite yesterday's announcement of a 15 per cent rise in interim profits to £3.51m, it is clear that only some of the company's problems have gone with them.

After more than a year of discussion, attempts are still being made to modify the onerous royalties payable on a new valve to ML Laboratories' subsidiary, Innovata Biomed. Last year's massive £18.6m write off should ensure all news on this front is good in future.

There was also a welcome return to profits of £500,000 in the two US Tenax subsidiaries, where restructuring deepened trading losses to £1.3m in the second half of last year. The 2 per cent fall in sales from Tenax Danbury to US Surgical, the main customer for its surgical equipment components, was the best performance in three years.

Even so, Bespak remains heavily exposed to the vagaries of the large pharmaceuticals. A recovery from last year's destocking by Glaxo Wellcome and Fisons, which together account for more than a third of group sales, was the main propellant behind a 52 per cent rise in UK profits to £5m.

Glaxo's recently launched dry powder Accuhaler, along with new products from Fisons, should keep sales moving ahead in the short run, while there is potential to apply inhaler technology to other drugs further out. But Bespak's management, further strengthened yesterday, will have to work hard to diversify the customer base to improve the quality of earnings. On a prospective p/e of 15, assuming profits of £8.5m this year, the shares look fairly rated.

Simon Pincombe CITY DIARY

BT under fire after an expensive line goes dead

Barely a week in the job and Sir Peter Bonfield, the new chief executive brought into BT for his technical expertise, is already facing the wrath of the fourth estate. Some bright spark cut a main cable at London's Maiden Vale exchange on Friday plunging *Loat*, the national free-to-advertise publication, into a vacuum. Despite frantic phone calls (from the nearest working pay phone) BT was unable to restore service for the 25 hours covering the paper's busiest period.

"As soon as our phones started working again the switchboard was jammed with people wanting to know what had happened," said Eileen Ford, the editor.

Demands for compensation (for loss of goodwill) - including a letter to chairman Sir Iain Vallance - have so far fallen on deaf ears.

Now the daily paper, which sells 120,000 copies a week, has resorted to launching full scale attacks against BT on its front page.

Today's front page reads: "We apologise if you had difficulty getting through. But British Telecom let us down badly."

BT rival Cable & Wireless is lapping it up. It has taken a slot underneath the message to advertise its Mercury One 2 One service.

Even the blizzards of the century could not stop Bob Farrell leaving the stricken east coast of America for his annual New Year sermon to London investors. The difficult senior investment adviser at Merrill Lynch is accorded great status these days. And with the Dow Jones Industrial Average up 36 per cent since last January this was always going to be a key talking point. In the event it was standing room only. The *Business* Hall venue was positively heaving with many a respected fund



John Belushi (above), the Hollywood funny man who shuffled off this mortal coil in a spiral of cocaine and alcohol, will turn in his grave. His name is being used to promote the image of that other breed which lives life on the edge - the UK mortgage broker. The invitation to the 21st birthday party of John Charcol, provider of upmarket loans, reads: "John Belushi - he knew how to party. John Charcol - so do we". Soon to form part of the broker's advertising campaign.

manager forced to sit on the floor.

And what did they learn? Mainly that Mr Farrell had flown over on Concorde. "When people start flying on Concorde you know the bull market has peaked," observed the prophet. "Mind you," he added dryly, "Concorde might be extravagant but the hotel they put me in is not."

Jimmy Herbert, the City's oldest working broker, today reaches the astonishing milestone of 85 with both his marbles and enviable client list intact. A slight cold aside, the Branson Gothard man is in fine fettle and will celebrate the occasion with "old mates" at The Fox hostelry, also known as "the market."

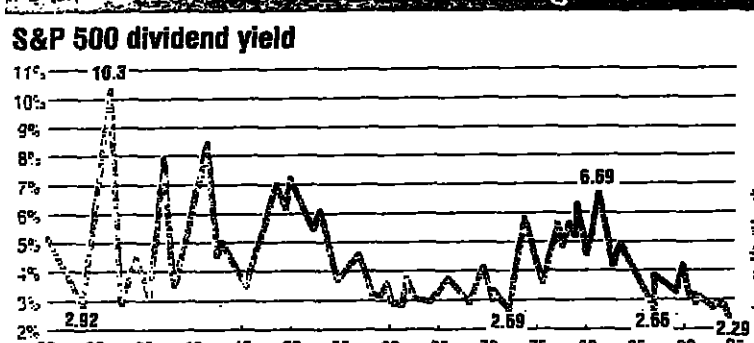
"I really enjoy my work, warts and all," insists the former boxer. "It's not the same as when it was eyeball to eyeball, of course. But the friendship is still there in the

City so there is no point in retiring." Mr Herbert, who has a weekend home in Bath, commutes from London's west-end during the week, arriving at his desk at 7.00 am. He lives in a flat in Upper Berkeley Street - a property that a friend lent him on the understanding that he pick up the bills. "He thought I would only be there for two or three years," said Mr Herbert yesterday. "That was 20 years ago."

What John Major gives with one hand the Lord taketh away with the other. The newly-knighted Sir Stanley Kalms, chairman of Dixons, will unfortunately be unable to milk the standing ovation that would have undoubtedly have greeted him at today's announcement of the electrical retailer's half-year figures.

After a 40 year wait for this moment, Sir Stanley has gone down with flu.

S&P 500 dividend yield



Post World War II themes & styles

	1950s	1960s	1970s	1980s	1990s
Theme	Industrial renaissance	Age of consumerism	Inflation	Age of debt-financed consumption	Restructuring & retrenchment
Major Sector Plays	Industrial	Consumer & technology	Industrial & energy	Consumer (staples)	Industrial & technology
Style	Large-cap stocks	Small-cap stocks	Mix of large-cap & small-cap stocks	Large-cap stocks	Small & mid-cap stocks
Return	Above average	Average	Below average	Above average	Average or below

Rhône-Poulenc warns on profits

MAGNUS GRIMOND

Rhône-Poulenc, the French chemicals and pharmaceuticals giant, yesterday sent a shudder through the Paris stock market after it warned of lower than expected profits for this year. Shares in the group slid 6.20 francs to FF100.80 following the announcement - which pinned most of the blame on the economic downturn in the fourth quarter, the French transport strikes and the need to contribute to government efforts to stem the national deficit.

The company said that the £1.8bn acquisition of Fisons by its US subsidiary, Rhône-Poulenc Rorer, would also result in exceptional charges, although these had been foreseen last year.

Brokers saw the warning as a possible prelude to further bad news from France's major companies in the wake of the recent economic squalls. But the main CAC-40 index closed little changed, ending down just 0.27 points at 1,916.29.

Rhône-Poulenc had previously forecast a significant rise in 1995 results, even talking of "double-digit" growth earlier in the year. But yesterday it said: "Based on the first indications of activities in the fourth quarter, and without taking account of possible effects of the Fisons

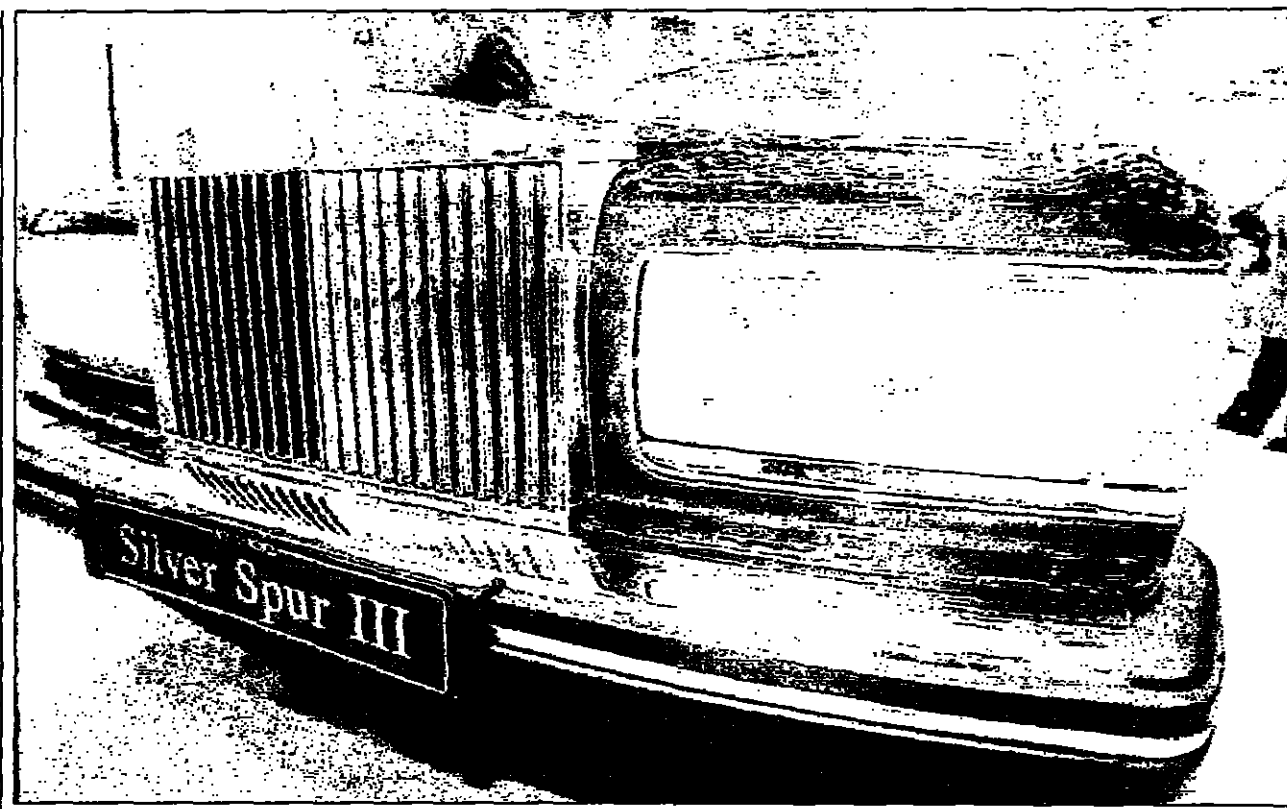
integration, the group is now expecting lower results than previously forecast."

Besides the downturn in the economy from last September, the company said that the transport strike at the end of last year and the exceptional contributions to the social security deficit, had led to the change in forecast. It also said it would be increasing "slightly" the amount of provisions for last year.

A source close to Rhône-Poulenc said: "The 1995 net attributable profit will be at the same level as the 1994 profit. FF2bn is a maximum." Even at this lower level, the figure will be higher than the FF1.92bn struck in 1994. Net profits increased 71 per cent to FF1.96bn for the first nine months of 1995, despite a 17 per cent fall in the third quarter due to higher provisions and tax charges.

The company source said that the downturn in the economy would cost the company FF200m, with the three week public sector strike - which forced closure of some chemical production units in the Rhône-Alpes region - adding a further FF200m.

Meanwhile, the pharmaceutical industry is in negotiations with the government over a FF2.5bn contribution being sought by the government from the industry to help cut the social security deficit.



Higher gear: Rolls-Royce's biggest increase in sales last year was in the US market

Photograph: Rex Features

Rolls-Royce fights back in US

RUSSELL HOTTEN

A strong marketing effort in America is beginning to pay off for Vickers' luxury car division, Rolls-Royce, which saw a 25 per cent rise in US sales last year. Although sales are still way below pre-recession levels in the US, the company believes it has regained its place in the world's most important car market. Vickers shares rose 15p to 272p.

R-R, long rumoured to be on BMW's takeover list, sold 1,556 Rolls-Royce and Bentley cars world-wide in 1995, up 10 per cent on 1994. The biggest rise came in the US, where sales rose from 335 to 420 vehicles, according to figures published yesterday.

R-R has concentrated heavily on marketing in the US, and

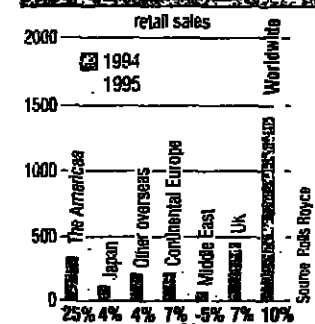
in the summer introduced a leasing scheme, which accounted for 10 per cent of sales there.

A company spokesman, Chris Ladley, rejected suggestions that the scheme would demean the famous name. "All companies are starting leasing programmes. It encourages potential owners who are hesitating about enjoying the Rolls-Royce experience," he said.

In 1989, R-R sold 1,200 vehicles in the US, though because of the weak dollar it is thought many of these cars were destined for countries in the Pacific Rim. The company sold 3,000 cars world-wide.

But the American recession, and the imposition of a luxury tax, hit sales hard, and R-R sank into loss and became a drain on Vickers' resources.

Rolls-Royce



These latest figures are evidence that the car-maker's steady climb out of recession is continuing. Sales in Japan in 1995 rose from 116 to 121, and in continental Europe from 216 to 230. In the UK, sales rose from 460 to 493, up 7 per cent.

But in the Middle East sales fell from 75 to 71.

Chris Woodward, R-R chief executive, said: "A 10 per cent increase in retail sales world-wide means we are out-performing the market, which shows that the strategies we are pursuing, particularly in getting closer to our customers, are working."

The company has invested more than £75m in product development over the past two years. The £215,000 Bentley Azure was launched in March, and the target production of 118 vehicles were sold. The cars sell for double the price of a normal Rolls-Royce, and the company expects to build more than this number in 1996.

After heavy cost-cutting, R-R is back in profit but Vickers does not disclose details.

Universal Salvage shrugs off contract loss

TOM STEVENSON
City Editor

Universal Salvage, the recently floated dealer in written-off motor cars, shrugged off the loss of business from AGE, the insurance company, to record a 9 per cent rise in trading profits in its first results since coming to the market in September.

The loss of the AGE contract was more than made up for by strong underlying growth in

the number of vehicles Universal handled for existing clients and the addition of new clients. The company came to the market in the hope of improving its credibility with large insurance companies.

Universal buys wrecked cars from insurance companies for a proportion (between 8 and 25 per cent) of their value and then sells on at auction those that can be rescued and breaks up the others for spare parts. About 13

per cent of the UK's 500,000 crashed cars pass through the company's books.

Founded 27 years ago by chairman Clifford Bassett, the company has prospered in its unglamorous but profitable niche. Profits soared over the past five years from £553,000 to £3.38m, and the trend continued in the six months to October with profits up from £2.0m to £2.18m before the £668,000 cost of coming to the market.

As forecast at the time of flotation, a 1.52p dividend was paid out of underlying earnings per share of 0.44p (4.84p). The shares added 2p to 217p, at which point they have added a third since trading started four months ago. The market has concentrated on the company's strong cash flow rather than arguably questionable earnings quality, which depends to a large extent on a small handful of insurance companies.

THE OMEGA IS ENGINEERED BEYOND ITS CLASS.

WHAT CAR?

THE OMEGA FROM VAUXHALL

	Turnover £	Pre-tax £	EPS	Dividend
Bespak (1)	35.7m (51.6m)	3.3m (5.0m)	9.2p (7.9p)	4.2p (4.2p)
Tomorrow's Leisure (1)	4.00m (4.25m)	0.02m (0.13m)	nil (-1.0p)	nil (nil)
Universal Salvage (1)	21.3m (19.4m)	1.5m (1.7m)	2.95p (4.12p)	1.52p (1.52p)
VHE (1)	17.2m (17.5m)	1.20m (1.05m)	2.3p (4.3p)	nil (1.35p)

(1) = 1995 (2) = 1994 (3) = 1993 (4) = 1992

IN BRIEF

Tomorrow's Leisure edges into the black

Last summer's hot weather has dented sales at Tomorrow's Leisure, the USM-quoted leisure group. Some of the group's indoor attractions - such as Pleasure Island in Liverpool and Harveys in the Metro Centre in Gateshead - were the hardest hit. In the six months to October group sales fell from £4m from last year's £4.5m. However the group reported a profit of £39,000 for the period compared with a £400,000 loss last year.

Crown extends Disney range

Crown Products, the Aim listed arts crafts and games company, has extended its range of Disney licences. It will make and distribute products based on Disney's latest film *Tarzan*, recently released in the US, and on *Hunchback of Notre Dame*, an animated film due for release this summer.

Profits slump at VHE

Profits at VHE Holdings, the Yorkshire civil engineering group, fell to £1.1m for the six months to September, compared with £2m last year. The company is still in dispute with the Black Country Development Corporation over a contract. Sales rose from £13.5m to £17m.

£3.5m polythene deal

British Polythene Industries has paid £3.5m for Zedcor, an Oxfordshire polythene group in a cash and shares deal. Zedcor reported pre-tax profits of £478,000 on sales of £3.5m last year.

Traffic news goes on-line

Trafficmaster, the traffic information provider, has announced a three-year deal with the RAC to sponsor a Trafficmaster-ITT joint venture to provide traffic information to broadcasters. Meanwhile, Trafficmaster and Vauxhall are joining forces to create a new traffic information service on the Internet.

Allen expands tool hire business

Allen, the building and contracting group, has raised £1.33m in a placing to pay for the acquisition of eight more depots for its tool hire business. The cash raising at 214p will pay the bulk of a purchase price not exceeding £1.5m for Rentall, owner of the depots in the Midlands and along the M4 corridor.

Bluebird cuts 50 jobs

Bluebird Toys is shedding 50 jobs at Merthyr Tydfil. The company makes modelling compounds and toys such as the Polly Pocket range. When it came to South Wales in 1988 the firm was hailed as a saviour in an area where the last coal mine was just closing. Bluebird intends switching production overseas, leaving about 200 staff in South Wales, in warehousing and UK distribution.

WORLDGOLFER

Direct

01 234 5678

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market report/shares

TAKING STOCK

DATA BANK

FT-SE 100
3700.3 -20.3

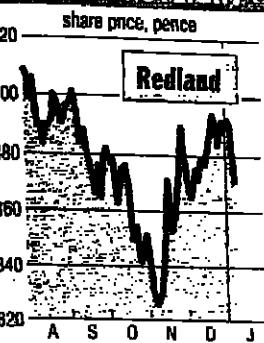
FT-SE 250
4070.9 -9.2

FT-SE 350
1839.7 -8.8

SEAQ VOLUME
872.3m shares,
32,132 bargains

Glits Index
95.41 +0.18

SHARE SPOTLIGHT



Takeover hopes boost British Gas in busy trading

The suspicion that British Gas is destined for takeover action returned to the stock market, sending the shares of the unpopular gas utility 3.5p higher to 261p.

The Gas advance was achieved in a twitchy, uncertain session, often dominated by wild rumours. Like other power shares Gas is drawing strength from the recent wintry weather, which has helped lift the shares from the 226.5p low hit last month.

But the feeling is growing in certain quarters that the shares are not relying entirely on any improvement in trading prospects. And Gas's relationship with its regulator remains sufficiently strained to dampen market sentiment.

The high turnover in Gas shares is being cited to support the corporate action theory. As a major group it features daily in the high volume tables. But the turnover has, even by

Gas standards, been tantalisingly high. For example, Seag put the turnover at 77 million on the last trading day of last year.

Yesterday only Fortis - in the grip of takeover action - was more busily traded than Gas. The Fortis turnover was 36.8 million with Gas achieving 19.3 million.

British Petroleum is regarded as the most likely to put Gas out of its misery. Gas has a market capitalisation of £11.4bn and BP is one of the few giants which could afford such an adventure.

BP slipped 3.5p to 546p, still within a whisker of its 12 month high. Shell, another seen as a possible candidate, also fell 3.5p to 874p.

The rest of the market was intrigued and weakened by rumours of more difficulties for the Tories and a disturbing buzz that Eurotunnel was about to reach the end of the line.



MARKET REPORT

DEREK PAIN

Stock market reporter of the year

In late trading Eurotunnel's shares fell to 77p, a new low, as rumours swirled it could soon be overwhelmed by its financial problems and the shares would be suspended.

It seems a conference called for today in Calais, which is likely to have an upbeat trading message, provoked the sudden bout of jitters, a reaction which illustrates how fretful the market has become over Eurotunnel which is working on a refinancing.

On Monday the shares fell 5p on worries Japanese banks would decide not to support the restructuring. Whitbread fell 17p to 681p on the revised Granada bid for

Fortis. Granada lost 6p to 637p and Fortis rose 7p to 351p. The feeling that a Granada victory would lead to a swift takeover of the Savoy Hotel group pushed its "A" shares 23p higher to 955p.

Rolls-Royce, which is buying a French crane maker for £1.7m, held at 195p as Malaysian Airlines confirmed it was buying Boeing 777 aircraft with Rolls engines. British Aerospace, the day's best performing blue chip, rose 22p to 824p on growing optimism about the Orange flotation with the underwriting syndicate said to be in place.

BT, with Societe Generale Strauss Turnbull support, rose 9.5p to 357p. Better-than-expected car sales from Vickers sent the shares purring 15p higher to 272p.

Cobham, the engineer, gained 12.5p to 507.5p following Monday's meeting with fund managers and an analysts' conference.

Redland's surprise profit warning lowered the shares another 9p to 372p with householder Barratt Developments losing 4p to 257p.

House of Fraser, the stores chain, produced the day's profit warning, falling 3p to 163p. Airtours remained firm on tales of a Virgin link, climbing 16p to 406p.

Hillsdown gained 5p to 176p - a two day gain of 9p - on persistent rumours that it has some major meat disposals planned.

Henlys, the vehicles group, motorised ahead 43.5p to 540.5p. And Monument Oil & Gas gained 3.5p to 61.75p as

busy trading reflected the higher crude price and a nagging suspicion that a bid could materialise.

Bank of Scotland, up 5.5p to 300p, responded to the success of its Australian banking venture. HSBC slipped to 1,007.5p on suggestions it was about to bid for insurance broker Steel Burrill Jones, up 3p to 46p. Queens Moat Houses, the struggling hotel group, had another busy session, gaining 0.75p to 13.75p on persistent speculative buying.

British Dredging, where a little-known Panamanian company is stake-building, put on 11p to 124p on talk of corporate activity.

Ladbroke fell 4p to 150p as Bass bid speculation faded but there is now vague talk that Scottish & Newcastle could be interested.

Rexam, the packaging group, fell 12p to 380p as vague bid speculation faded.

SkylarPharma, the reborn Black & Edgington, made an active debut on AIM. After the financial reshaping the group is now a modest drugs operation, which Ian Gowrie-Smith, the deal maker who helped create the Medeva medical group, hopes to transform into a major international business. The shares, suspended for the complicated revamp, returned at 8.5p against a 9p suspension, with the nil-paid rights at 5p and the warrants at 7p.

IES, due to arrive on AIM next month, continues to make remarkable headway on Oxfam, the fringe market run by the market maker JP Jenkins, with the shares of the security systems group gaining 40p to a 450p peak. IES made profits of £616,000 last year, up from £271,000.

SHARE PRICE DATA

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items.

Other details: ex rights x Ex-dividend x Ex-all a Unlisted Securities Market

Suspended pp Partly Paid pp Nil Paid Shares.

The Independent Index

The index allows you to access real-time share prices by phone from Seag. Simply dial 0891 123 335, followed by the 4-digit code printed next to each share. To access the latest financial reports dial 0891 1233 followed by one of the two-digit codes below.

FT-SE 100 - Real-time 00 Sterling Rates 04 Privatisation Issues 36
UK Stock Market Report 01 Bullion Report 05 Water Shares 34
UK Company News 02 Wall St Report 20 Electricity Shares 40
Foreign Exchange 03 Tokyo Market 21 High Street Banks 11

Anyone with a land-line telephone can use this service. For a detailed description of the Independent Index, including its portfolio facility, phone 0891 123 333. The Index is 5.50pm.

For assistance, call our helpline 071 875 4375 (9.30am - 5.30pm).

Call cost 30p per minute (cheap rate), and 40p at all other times. Call charges include VAT.

MARKET LEADERS: TOP 20 VOLUMES

Share	Vol	Share	Vol	Share	Vol
Fortis	20,000	National Grid	10,000	Smith & Nephew	5,000
British Gas	18,000	Generale Elec	8,000	Lyons	5,000
Glaxo	14,000	Glaxo	8,000	Unilever	5,000
Glaxo	14,000	Glaxo	8,000	Unilever	5,000
Glaxo	14,000	Glaxo	8,000	Unilever	5,000

FT-SE 100 INDEX HOUR BY HOUR

Open 3702.4 down 6.8	11.00 3718.1 down 2.5	15.00 3708.0 down 11.6
09.00 3722.5 up 0.2	12.00 3711.2 down 9.4	16.00 3700.0 down 20.6
10.00 3719.8 down 0.6	13.00 3711.0 down 9.6	Close 3700.3 down 20.3

BANKS, MERCHANT

Share	Vol	Share	Vol	Share	Vol
Barclays	10,000	HSBC	8,000	Bank of Scotland	5,000
Bank of Scotland	5,000	Bank of Ireland	3,000	Bank of Montreal	2,000

BANKS, RETAIL

Share	Vol	Share	Vol	Share	Vol
Bank of Scotland	5,000	Bank of Ireland	3,000	Bank of Montreal	2,000

DIVERSIFIED INDUSTRIALS

Share	Vol	Share	Vol	Share	Vol
British Petroleum	10,000	Shell	8,000	Glaxo	5,000

BREWERIES

Share	Vol	Share	Vol	Share	Vol
Carlsberg	5,000	Heineken	3,000	Beck's	2,000

ELECTRICITY

Share	Vol	Share	Vol	Share	Vol
National Grid	10,000	Generale Elec	8,000	EDF	5,000

BUILDING/CONSTRUCTION

Share	Vol	Share	Vol	Share	Vol
Barratt Developments	5,000	Household International	3,000	Wates	2,000

ELECTRONICS

Share	Vol	Share	Vol	Share	Vol
Amstrad	5,000	Grundig	3,000	Philips	2,000

BUILDING MATERIALS

Share	Vol	Share	Vol	Share	Vol
Woolston	5,000	Woolston	3,000	Woolston	2,000

ENGINEERING

Share	Vol	Share	Vol	Share	Vol
Rolls-Royce	10,000	British Aerospace	8,000	BAE Systems	5,000

CHEMICALS

Share	Vol	Share	Vol	Share	Vol
Glaxo	10,000	Glaxo	8,000	Glaxo	5,000

HOUSEHOLD GOODS

Share	Vol	Share	Vol	Share	Vol
Household International	5,000	Household International	3,000	Household International	2,000

INSURANCE

Share	Vol	Share	Vol	Share	Vol
Aviva	5,000	Aviva	3,000	Aviva	2,000

INTERNATIONALS

Share	Vol	Share	Vol	Share	Vol
British Petroleum	10,000	Shell	8,000	Glaxo	5,000

DISTRIBUTORS

Share	Vol	Share	Vol	Share	Vol
Woolston	5,000	Woolston	3,000	Woolston	2,000

ENGINEERING VEHICLES

Share	Vol	Share	Vol	Share	Vol
Rolls-Royce	10,000	British Aerospace	8,000	BAE Systems	5,000

EXTRACTIVE INDUSTRIES

Share	Vol	Share	Vol	Share	Vol
British Petroleum	10,000	Shell	8,000	Glaxo	5,000

INVESTMENT COMPANIES

Share	Vol	Share	Vol	Share	Vol
British Petroleum	10,000	Shell	8,000	Glaxo	5,000

INVESTMENT TRUSTS

Share	Vol	Share	Vol	Share	Vol
British Petroleum	10,000	Shell	8,000	Glaxo	5,000

FOOD MANUFACTURERS

Share	Vol	Share	Vol	Share	Vol
Glaxo	10,000	Glaxo	8,000	Glaxo	5,000

GAS DISTRIBUTION

Share	Vol	Share	Vol	Share	Vol
British Gas	10,000	British Gas	8,000	British Gas	5,000

HEALTH CARE

Share	Vol	Share	Vol	Share	Vol
Smith & Nephew	5,000	Smith & Nephew	3,000	Smith & Nephew	2,000

HOUSEHOLD GOODS

Share	Vol	Share	Vol	Share	Vol
Household International	5,000	Household International	3,000	Household International	2,000

INSURANCE

Share	Vol	Share	Vol	Share	Vol
Aviva	5,000	Aviva	3,000	Aviva	2,000

LIFE ASSURANCE

Share	Vol	Share	Vol	Share	Vol
Aviva	5,000	Aviva	3,000	Aviva	2,000

MEDIA

Share	Vol	Share	Vol	Share	Vol
Amstrad	5,000	Grundig	3,000	Philips	2,000

PROPERTY

Share	Vol	Share	Vol	Share	Vol
Woolston	5,000	Woolston	3,000	Woolston	2,000

GOVERNMENT SECURITIES

Share	Vol	Share	Vol	Share	Vol
Woolston	5,000	Woolston	3,000	Woolston	2,000

INDEX-LINKED

Share	Vol	Share	Vol	Share	Vol
Woolston	5,000	Woolston	3,000	Woolston	2,000

UNDATED

Share	Vol	Share	Vol	Share	Vol
Woolston	5,000	Woolston	3,000	Woolston	2,000

SHORTS

Share	Vol	Share	Vol	Share	Vol
Woolston	5,000	Woolston	3,000	Woolston	2,000

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Foreign Exchange Rates

STERLING		DOLLAR		D-MARK	
Country	Spot	Spot	1 month	3 months	Spot
US	154.65	1-31	1000	0-3	0.9629
Canada	210.44	3-4	1387	0-7	67.44
Germany	222.04	35-48	14432	22-21	102.00
France	76.57	35-39	14438	22-21	102.00
Italy	243.37	77-82	226-283	69-72	102.00
Japan	262.58	87-7	12629	47-45	102.00
ECU	165.89	31-35	23839	10-11	102.00
Denmark	852.29	12-16	16795	12-17	102.00
Netherlands	103.90	10-14	16795	12-17	102.00
Norway	894.65	12-16	16795	12-17	102.00
Spain	325.33	42-45	16795	12-17	102.00
Sweden	120.41	31-35	16795	12-17	102.00
Switzerland	120.41	31-35	16795	12-17	102.00
Hong Kong	118.91	87-92	16795	12-17	102.00
Malaysia	359.41	22-27	16795	12-17	102.00
New Zealand	172.00	22-27	16795	12-17	102.00
Saudi Arabia	576.92	0-0	14240	0-1	102.00
Singapore	220.07	0-0	14240	0-1	102.00

OTHER SPOT RATES

Country	Spot	Country	Spot
Argentina	154.65	Nigeria	32.329
Australia	154.65	Oman	32.329
Brazil	154.65	Pakistan	32.329
Canada	154.65	Philippines	32.329
Denmark	154.65	Portugal	32.329
France	154.65	Qatar	32.329
Germany	154.65	Russia	32.329
Italy	154.65	South Africa	32.329
Japan	154.65	Taiwan	32.329
Netherlands	154.65	UAE	32.329
Norway	154.65		
Spain	154.65		
Sweden	154.65		
Switzerland	154.65		
Hong Kong	154.65		
Malaysia	154.65		
New Zealand	154.65		
Saudi Arabia	154.65		
Singapore	154.65		

Note: Forward rates quoted here are at a discount (subject to spot rate) spot rates quoted here are at a premium (subject to spot rate) Dollar rates quoted are approximate. For the latest rates, please contact your bank or call 0800 123 4567. Costs cost 30p per return (except rates - 40p per return).

Interest Rates

Country	Rate	Country	Rate
UK	6.50%	Germany	3.00%
US	5.00%	France	5.75%
Canada	4.75%	Denmark	5.25%
Italy	4.75%	Belgium	5.25%
Japan	3.00%	Netherlands	5.25%
Spain	3.00%	Portugal	5.25%
Sweden	3.00%	Switzerland	5.25%
Switzerland	3.00%	Denmark	5.25%
Netherlands	3.00%	Belgium	5.25%
Portugal	3.00%	France	5.75%
Denmark	3.00%	Germany	3.00%
Belgium	3.00%	Italy	4.75%
France	3.00%	Japan	3.00%
Germany	3.00%	Netherlands	5.25%
Italy	4.75%	Portugal	5.25%
Japan	3.00%	Sweden	3.00%
N			

Bond Yields

Country	Yr	yield %	10yr	yield %	Country	Yr	yield %	10yr	yield %
UK	5	6.50	5.4	5.4	Netherlands	5	5.2	5.2	5.2
US	5	5.5	5.4	5.4	Spain	5	5.0	5.0	5.0
Japan	5	5.0	5.0	5.0	Belgium	5	5.0	5.0	5.0
France	5	5.0	5.0	5.0	Denmark	5	5.0	5.0	5.0
Germany	5	5.0	5.0	5.0	Sweden	5	5.0	5.0	5.0
Italy	5	5.0	5.0	5.0	Switzerland	5	5.0	5.0	5.0
Netherlands	5	5.0	5.0	5.0	Portugal	5	5.0	5.0	5.0
Portugal	5	5.0	5.0	5.0	France	5	5.0	5.0	5.0
Denmark	5	5.0	5.0	5.0	Germany	5	5.0	5.0	5.0
Belgium	5	5.0	5.0	5.0	Italy	5	5.0	5.0	5.0
France	5	5.0	5.0	5.0	Japan	5	5.0	5.0	5.0

Source: OECD Market Research

Money Market Rates

Instrument	5 Yr	7 Day	1 Month	3 Months	6 Months	1 Year
Interbank	5.75	5.75	5.75	5.75	5.75	5.75
Sterling Call	5.75	5.75	5.75	5.75	5.75	5.75
US Dollar	5.75	5.75	5.75	5.75	5.75	5.75
Japanese Yen	5.75	5.75	5.75	5.75	5.75	5.75
Swiss Franc	5.75	5.75	5.75	5.75	5.75	5.75
German Mark	5.75	5.75	5.75	5.75	5.75	5.75
French Franc	5.75	5.75	5.75	5.75	5.75	5.75
Italian Lira	5.75	5.75	5.75	5.75	5.75	5.75
Spanish Ptas	5.75	5.75	5.75	5.75	5.75	5.75
Portuguese Esc	5.75	5.75	5.75	5.75	5.75	5.75
Dutch Gld	5.75	5.75	5.75	5.75	5.75	5.75
Belgian Bfr	5.75	5.75	5.75	5.75	5.75	5.75
Irish Pnt	5.75	5.75	5.75	5.75	5.75	5.75
Scottish Pnt	5.75	5.75	5.75	5.75	5.75	5.75
Welsh Pnt	5.75	5.75	5.75	5.75	5.75	5.75
Manx Pnt	5.75	5.75	5.75	5.75	5.75	5.75
Channel Pnt	5.75	5.75	5.75	5.75	5.75	5.75
Jersey Pnt	5.75	5.75	5.75	5.75	5.75	5.75
Guernsey Pnt	5.75	5.75	5.75	5.75	5.75	5.75
Isle of Man Pnt	5.75	5.75	5.75	5.75	5.75	5.75
Trinidad Pnt	5.75	5.75	5.75	5.75	5.75	5.75
Barbados Pnt	5.75	5.75	5.75	5.75	5.75	5.75
Antigua Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. Kitts Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. Lucia Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. Vincent Pnt	5.75	5.75	5.75	5.75	5.75	5.75
Grenada Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. John Pnt	5.75	5.75	5.75	5.75	5.75	5.75
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St. Mary Pnt	5.75	5.75	5.75	5.75	5.75	5.75
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St. Andrew Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. Patrick Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. Mary Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. Elizabeth Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. Peter Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. Paul Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. John Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. James Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. George Pnt	5.75	5.75	5.75	5.75	5.75	5.75
St. Andrew Pnt	5.75	5.75	5.75	5.		

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Britons upbeat Down Under

Tennis
ROB DORSETT

Tim Henman and Greg Rusedtski both caused upsets yesterday as they advanced to the second round of the Peters International tournament in Sydney, a warm-up for the Australian Open which starts on Monday. Only two seeded players now remain in the men's draw.

Henman's unexpectedly easy 6-4, 6-2 victory over Mark Philippoussis, ranked 39th in the world, was the more noteworthy of the two British successes, especially since his teenage opponent has been widely acclaimed as the best prospect for Australian tennis since Pat Cash. Henman, whose world ranking of 95 meant that he had to play through the qualifying tournament in Sydney, was understandably upbeat after his triumph.

"I don't know if I outsmarted him, but his game can sometimes become a little one-dimensional," Henman said of Philippoussis. "I think that was really the first time I played as well as I can play."

Henman believed that Philippoussis, whose game has been perhaps unfairly criticised for being based solely on power, may have felt the pressure of Australian expectation.

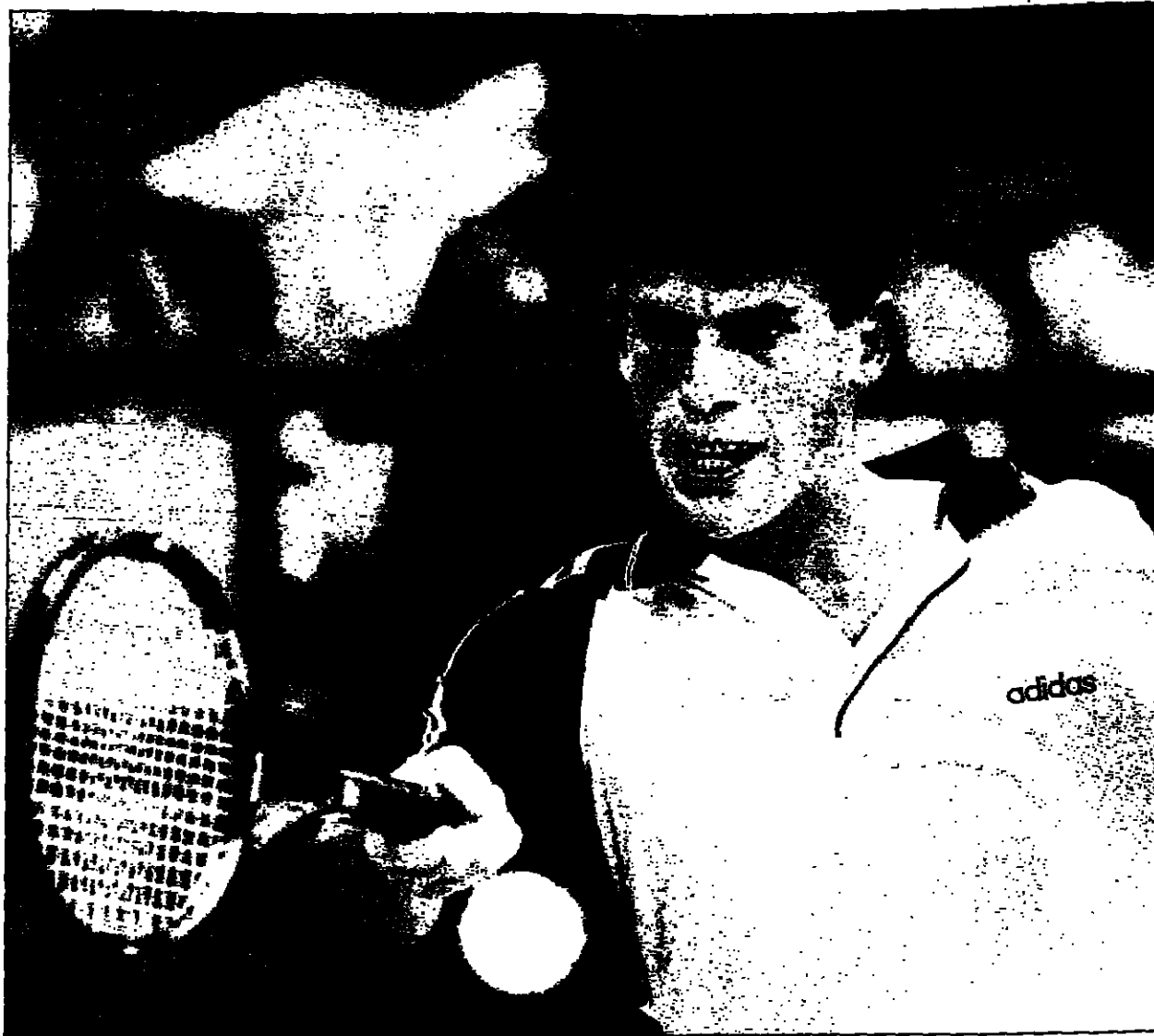
Meanwhile the Montreal-born Rusedtski, currently ranked 38th in the world, won a heavy-hitting first-round match in two tie-break sets against the No 2 seed, Richard Krajicek of the Netherlands. The Dutchman, ranked No 11 in the world, was less consistent than the Briton, and although he recovered Rusedtski's break of serve for 3-1 in the seventh game of the first set, he played a disastrous tie-break to fall to an unrecoverable 6-0 deficit, and finally lost the match 7-6 (7-4), 7-6 (8-6). "The bottom line is that I gave him (Rusedtski) too many free points, and it's tough to win a match like that," Krajicek said.

These two victories provide optimism about the season to come for British tennis, and more immediately about the Australian Open, the first Grand Slam of the year. "In the last 10 or 15 years we have suffered," Henman said. "We've relied only on Jeremy Bates, but

with Greg and I playing better, hopefully we can put British tennis back on the map."

Marc Rosset withdrew with a broken finger, having punched an advertising hoarding in last weekend's Hopman Cup final, but the top seed, Goran Ivanisevic, went through with a comfortable 6-3, 6-3 win over Germany's David Prinosil. The sixth seed Jan Siemerink and the seventh seed Alberto Costa were both beaten: by Sebastian Larreau, of Canada, and Mark Woodford, of Australia, respectively. The other two seeds, Arnaud Boetsch of France and the Chilean Marcelo Rios, lost on Monday.

In the women's event, the eighth seed, Naoko Sawamatsu of Japan, who reached the quarter-finals of last year's Australian Open, held off four match points to overcome Switzerland's Martina Hingis 6-4, 2-6, 7-5, while the Belgian Dominique Monami went through 7-6, 6-3 over a qualifier, Veronika Martinek of Germany. Her reward is a second-round match against the top seed and three-times champion, Monica Seles.



Hot streak: Tim Henman breezes to victory over Mark Philippoussis yesterday

Photograph: Megan Lewis/Reuters

Australia fall to Sri Lanka

Cricket

Sri Lanka revived their hopes of reaching the World Series final with a three-wicket victory over Australia yesterday.

The hard-hitting wicket-keeper Romesh Kaluwitharana justified his promotion to opener with a scintillating 77 from 79 balls to ease Sri Lanka to a vital win with 15 balls to spare.

In reply to Australia's 213 for 5 from 50 overs, Sri Lanka scored 214 for 7 in 47.3 overs to the dismay of a crowd of 60,000 at the MCG. Roshan Mahanama guided his side to the verge of victory with a patient 51.

Earlier, Ricky Ponting and Michael Bevan added 159 runs for a second fifth-wicket partnership in the history of limited-overs cricket. Ponting made 123 from 142 balls before being run out on the final ball.

Australia still lead the triangular competition with eight points from six games, two clear of West Indies, who have played one game more. Sri Lanka prop up the table with four points from five games but can still qualify for the best-of-three finals later this month.

WORLD SERIES CUP: Australia 213 for 5 (50 overs) vs Sri Lanka 214 for 7 (47.3 overs). Sri Lanka won by three wickets.

Man figures high in all-time list

Racing
JOHN COBB

If ever a horse did not need the help of the handicapper to be conferred with greatness then it is One Man after chess, the reputations of nearly all his serious rivals to the title of best chaser in Britain in Saturday's King George VI Chase. Nevertheless, the British Horseracing Board's handicapper, Christopher Mordaunt, has officially confirmed what every follower of racing had assumed since Saturday by placing One Man at the head of his ratings.

The grey, successful in 10 of

his 11 completed starts — the exception being when a well-beaten ninth to Monsieur Le Cure in the 1994 Sun Alliance Chase — has made a steady rise to the top since his first outing over fences at Ayr in November 1993 and on Saturday he reached the summit.

"I have raised One Man to a new mark of 179 from 169, to make him the best chaser in training at the moment," Mordaunt said.

"Monsieur Le Cure ran his best race for some time (on Saturday), if not his best ever, and he has been raised from 160 to 167. Master Oats definitely did not run to his best and he

remains on a mark of 175. He started the season on 180 after his Gold Cup win but I decided to pull that down 5lb after his run at Chesham.

"I was extremely impressed

RICHARD EDMONDSON
NAP: Rocket Run (Kels 3.15)
NB: Strong Approach (Kels 2.15)

by the way One Man did it on Saturday. There is no ceiling to his form, not one occasion that you can point to and say, 'He got well stuffed there', to hold the form down."

Mordaunt's counterpart at Timeform, their senior jumps handicapper Simon Rowlands, was equally impressed. "I have rated One Man at 183 with a small 'p' denoting the probability of further improvement," he said. "He beat what we all know was a strong field with great authority. A couple of horses ran below form and Coulton almost certainly didn't stay, but horses like Val d'Aren and Young Husterler ran well enough to suggest that the form is solid enough."

"That performance puts him up with the best horses of recent years. Since the first Chasers and Hurdles annual was pub-

lished in 1976, only Desert Orchid and Burrough Hill had higher annual ratings."

Richard Dunwoody, whose confidence in One Man allowed him a long look back as his rivals struggled on the home turn, has been snapped up by Simon Dow to try and secure another big prize on Chief's Song in the Ladbrokes Hurdle at Leopardstown on Saturday.

The Ulsterman had several offers in the race, but yesterday told, "Dow has been available. 'You wouldn't want anyone else if you could pick them,'" the Ennisman trainer said.

Today's Plumpton card is cancelled due to waterlogging.

Senor El Betrutti calls for a large portion of objectivity

Boil up a fixation with big-name trainers, add some cold-shoulder for a little-known yard, stir in a dash of male chauvinism, and we have the basic ingredients for Senor El Betrutti's recent 66-1 win at Ascot.

Had the names of "M Pipe" or "D Nicholson" appeared alongside the grey's place on the racecard, the odds could have been in single figures. But the trainer's name is Mrs S. Nock. It was enough to induce stupor in the betting ring at Ascot on 16 December and Senor El Betrutti, the rank outsider in a field of eight, made all the running to beat the Martin Pipe-trained 7-2 joint-favourite Challenger Du Lac by six lengths.

Tomorrow the novice steeple-chaser is due to run at Wether-

Chris Corrigan on a cautionary tale for punters who follow fashion

By enabling punters to display overdue objectivity towards the skills of Susan Nock.

"The odds were ridiculous", is her reaction. "The win wasn't out of the blue. People had only to look at his form — a year earlier he had won by eight lengths over hurdles at Windsor."

A number of race-watchers remarked how impressive he was in that well-contested race. At that time, though, Senor El Betrutti was being trained at the fashionable yard of Charlie Brooks. Since then, the grey has

joined the Nock's family operation just outside Stow-on-the-Wold.

The horse has been owned throughout by Susan's husband, Gerard. Last year, after considerable success with point-to-pointers, his wife turned to a bigger league, so the grey "came home", along with three others, including Cool Runner, formerly trained by David Nicholson. Cool Runner won for his new yard at Worcester in November — at odds of 16-1.

Senor El Betrutti disappointed in several races prior to his Ascot win, but that was because of soft going he hates. His appearance tomorrow in the £20,000 Twynov Novice Chase at Wetherby depends on the ground there, yesterday described as good to soft.

"I'll be talking to Graham Bradley [the horse's regular partner] before deciding to run or not," Susan Nock said yesterday. "It would be his first time over three miles, he's got an 8lb penalty and he's best on good ground, so we have to think about it."

The Nocks had £10 each-way at 66-1 at Ascot. Wherever Senor El Betrutti runs next, such misguided generosity is unlikely to be found again.

RESULTS

LEICESTER

12.45: 1. ROSEBUD (M) 12.10; 2. Around The Gate 5.2; 3. Forest Mill 14.1; 4. 18 ran, over for Supreme General (11.6), 6.8, 10.1, 11.1, 12.1, 13.1, 14.1, 15.1, 16.1, 17.1, 18.1, 19.1, 20.1, 21.1, 22.1, 23.1, 24.1, 25.1, 26.1, 27.1, 28.1, 29.1, 30.1, 31.1, 32.1, 33.1, 34.1, 35.1, 36.1, 37.1, 38.1, 39.1, 40.1, 41.1, 42.1, 43.1, 44.1, 45.1, 46.1, 47.1, 48.1, 49.1, 50.1, 51.1, 52.1, 53.1, 54.1, 55.1, 56.1, 57.1, 58.1, 59.1, 60.1, 61.1, 62.1, 63.1, 64.1, 65.1, 66.1, 67.1, 68.1, 69.1, 70.1, 71.1, 72.1, 73.1, 74.1, 75.1, 76.1, 77.1, 78.1, 79.1, 80.1, 81.1, 82.1, 83.1, 84.1, 85.1, 86.1, 87.1, 88.1, 89.1, 90.1, 91.1, 92.1, 93.1, 94.1, 95.1, 96.1, 97.1, 98.1, 99.1, 100.1, 101.1, 102.1, 103.1, 104.1, 105.1, 106.1, 107.1, 108.1, 109.1, 110.1, 111.1, 112.1, 113.1, 114.1, 115.1, 116.1, 117.1, 118.1, 119.1, 120.1, 121.1, 122.1, 123.1, 124.1, 125.1, 126.1, 127.1, 128.1, 129.1, 130.1, 131.1, 132.1, 133.1, 134.1, 135.1, 136.1, 137.1, 138.1, 139.1, 140.1, 141.1, 142.1, 143.1, 144.1, 145.1, 146.1, 147.1, 148.1, 149.1, 150.1, 151.1, 152.1, 153.1, 154.1, 155.1, 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sport

Jones only has eyes for Benn

Ken Jones on the IBF super-featherweight champion, considered by many to be the best fighter pound-for-pound in the world, who is considering a career in basketball

The slungball swings before a boxer in erratic arcs, simulating a moving target. On television last week, timed electronically, Roy Jones Jr, who holds the International Boxing Federation super-middleweight championship, connected at the astonishing rate of six punches per second.

Blurring, coming-from-everywhere hand speed is just one of the reasons why Jones is considered to be the most accomplished fighter, pound-for-pound, at present working in the ring. There is his fancy footwork too. And blazing self-confidence. "I didn't set out to be the best in my time but of all time," he said.

Trouble is that Jones is running out of opportunities to establish historical supremacy. Bored, frustrated by the politics that would require the signing away of prized promotional independence to gain a unifying contest against the World Boxing Council titleholder, Nigel Benn, he claims to be serious about attempting a career in basketball.

If his life depended on it, Jones could not make it in the NBA but next month he plans on trying out with the London Towers. A gimmick maybe, but Benn apart there isn't an opponent who excites Jones's interest.

At Madison Square Garden on Friday night a non-title bout against Merqui Sosa of the Dominican Republic will add a further \$2.5m (£1.6m) to wealth evident from the two estates Jones maintains in his home town of Pensacola, Florida, where he collects vintage cars and breeds fighting cocks for Mexican arenas, still spending six days a week in a custom built gymnasium.

Selected for his durable chin, Sosa is not given a chance. For Jones it is just another pay day, doubtless extending his record to 31 straight wins. When the former manager and trainer Gil Clancey, now a fight com-

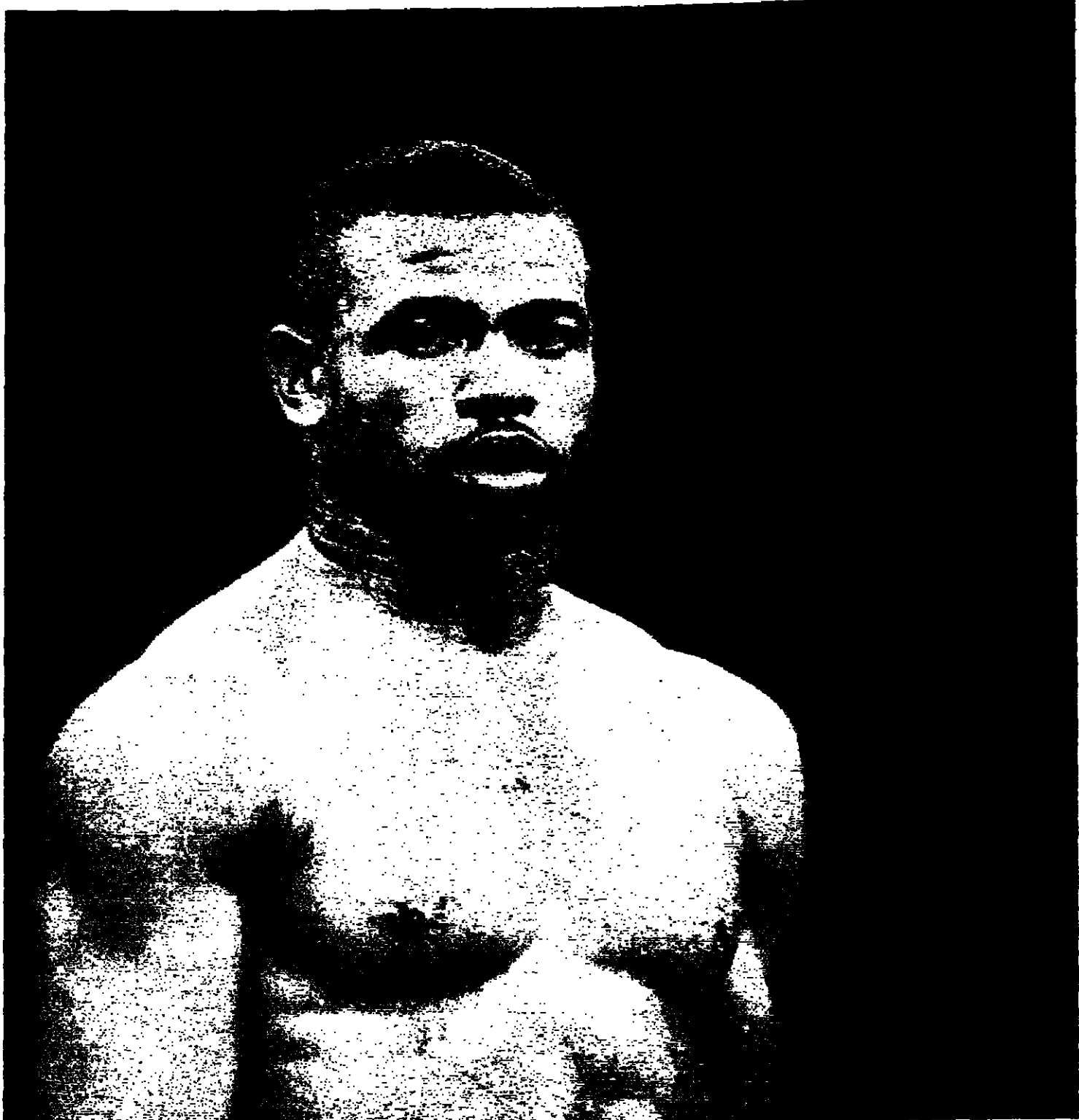
mentator, first saw Jones he was reminded of the young Muhammad Ali. "So much natural talent that he could break the rules. Like Ali used to lean back from punches rather than slip under them. Which is a no-no. This kid lunged past the other guy's punches to throw his own... and got away with it. He was so natural, as good as I'd seen in years with the potential to be the most exciting fighter around. What you're seeing now is the fulfillment of all that promise."

Angelo Dundee, who trained Ali, formed a similar impression. "I liked the kid's quickness - the way he jumped on guys when he got 'em hurt," he said. "There was all sorts of stuff he hadn't used yet but you knew that it would come out when he needed it."

All this at a time when the difficult relationship between Jones and his dominating father and manager, Roy Sr, was at breaking point. "From the time I was 15 my daddy would try to pick a fight every day," Jones said recently. "He'd talk about jumping on me. I never said nothing. I was scared of him. No way I wanted to fight him. I couldn't say nothing about what I thought with a crowd of people around. I was scared to have a girlfriend because he'd dog me out in front of them. I began carrying a knife in case he went for me. A huge pocket knife. I used to think I'd go to jail for killing him. Thank God it didn't happen. I was very afraid but I was ready to defend myself."

When Jones defeated Bernard Hopkins for the IBF middleweight championship on 22 May 1993, his father was no longer in the corner. They had split permanently. Jones, then taking business advice from two wealthy Florida lawyers, the brothers Fred and Stanley Levin who had invested in his future.

Recognising that independence was the most important thing implanted in Jones by his father, the Levins came in on the strict understanding that no promoter would be given options of future contests. Thus the impasse that exists between Jones and Benn, who is under contract to Frank Warren and Don King. "I'll fight Benn any time," Jones said last year when meeting with British boxing writers in Atlantic City shortly before Lennox Lewis defeated Tommy Morrison. "Tell me where he is and I'll go and see him. If Benn



Roy Jones Jr, on his way to victory over Vinnie Pazienza last June

Photograph: Mike Powell/Allsport

under his father's influence through 18 professional contests. "He's got you this far," Carol Jones said. "Give him another chance."

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wants this fight then he's got to understand that I won't sign away anything to the people who promote him. It's that simple."

Questions about Jones no longer existed after he dismantled James Toney in November 1994 to become the IBF's 12st champion. It was at the weight, Toney could not cope with the virtuosity Jones brought to the ring and was utterly outclassed. In June of last year, Jones didn't expect anyone to take seriously a contest against the experienced Vinnie

Pazienza and emphasised the point by systematically dismantling him. So far, 26 of Jones's 30 opponents have failed to last the distance. When in possession of the WBO's version of the super-middleweight title, Chris Eubank wanted no part of him.

A contract with the cable television network HBO, means Jones, 26, can go on earning between \$4m-\$5m (£2.5-£3m) annually. If he wants it, if frustration doesn't lead him into shooting for baskets instead of a place in history.

Plans set fair for Grand Mistral

Sailing
STUART ALEXANDER

Any doubts that the new Grand Mistral round-the-world race would go ahead this September were shrugged aside in London yesterday by the organiser, Pierre Fehlmann.

The Swiss ocean racer, who has five Whitbread under his belt, was adamant: "There will be a minimum of nine yachts on the start, more probably 10 to 12," he said.

Fehlmann has secured considerable financial backing for the race from his long-time sponsors, Philip Morris. He also has the support of the French regional governments of Bouches-du-Rhône and the Côte d'Azur to build the Bruce Farr-designed, water-ballasted 80-footers at a factory in La Ciotat, southern France.

Hull number five is being built, and it is claimed that further yachts will be produced at the rate of one every three weeks to be chartered to the competing syndicates.

What has been less clear is exactly who will be campaigning the boats in a race that starts in Marseilles on 21 September, going on to Cape Town, then Sydney for the 1996 Sydney to Hobart (which is incorporated into the race), Auckland, Mar del Plata, Argentina and New York. The fleet then returns across the Atlantic and into the Mediterranean for the finish in Marseilles.

Only three yachts have declared backers. They are Fehlmann's own Merit Cup, which will be skippered by the 1993/94 Whitbread winner, Grant Dalton, Finland's Ludde Ingvald in Nicorette, and the French Americas skipper, Marc Pajot, who is due to announce details of his backers in France on Friday. The city of Marseilles is expected to pick up most of the bill.

Fehlmann also claims that Tag Heuer will back a Chris Dickson entry and that negotiations are well advanced, but they have been dragging on for some time.

As for the remaining five, race spokesman Hans Bernhard says they will come from a list of 36 who have expressed interest, although it is known that many of those cannot proceed. It is thought that arrangements may be made to make the boats available in one form or another just so that contract clauses requiring a minimum fleet of, say, eight boats can be honoured.

Neither Fehlmann nor Bernhard was willing to discuss any financial implications but Dalton said: "There has been a meeting of everyone involved at which we knew we either had to end up with a race or not. There was a considerable will for the race to succeed and a determination for it to go ahead. Now there is a structure in place that guarantees these boats will race."

Dalton has also been trying to secure enough cash for a 1997/98 Whitbread, but has found the going tough in a New Zealand heavily focused in the short term on Olympic sailing and, in the longer, more expensive term, the defence of the America's Cup in 2000.

"If I can't put it together in three more months then I may have to abandon," Dalton said. He will also have to give more and more time to preparing his multi-national crew for the start of the Grand Mistral.

Questions of Sport

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Today we are giving you another sporting chance to win an instant cash prize of up to £1,000 in our Questions of Sport scratch card game. As well as the daily instant cash prizes, there is a weekly accumulator prize of £5,000 to be won. In Saturday's paper, and the Independent on Sunday, there was a Questions Of Sport multi-choice scratch card which contains eight games, so you can play daily through to Friday 12 January. This Saturday we will give you another Questions of Sport scratch card.

HOW TO PLAY

Today we are playing the section of the card dated Wednesday 10 January. Below are three sporting questions, each with three possible answers coded as A, B and C. Scratch off your answer to Question Sixteen, either A, B or C in the Q16 column then repeat for Q17 and Q18.

THE QUESTIONS

Q16 Which struggling First Division football team play home games at the Hawthorns?
A: Derby County
B: West Bromwich Albion
C: Wolverhampton Wanderers

Q17 What is the name of the disc-shaped object struck in ice hockey?
A: Puck
B: Ball
C: Jack

Q18 Which of the following is a tennis trophy?
A: The Ryder Cup
B: The Davis Cup
C: The Admirals Cup

IMPORTANT

Scratch off ONE letter only for each question. If you reveal three identical cash amounts on any one section on any one day, you win that amount. After you have played the last game on your card, total the cash amounts you have revealed. If your total is £5,000 you win or share the £5,000 accumulator prize.

HOW TO CLAIM

If you have revealed three identical cash amounts of £10 or under, DO NOT PHONE. Take the claim coupon OR a piece of plain paper with your name and address on it PLUS the relevant section of the card to one of the newsagents listed below. For prizes over £10, phone 01254 683666 (Irish Republic 0044 1254 683666) between 10.30am and 4pm Monday to Saturday. Participating newsagents: WH Smith, John Menzies, Forbays, Martins/RS, McColl, Dillons, Gibbs, Macs, Supermags, United News Shops, Star News, K Balfour, Eason, GT News, Paperchain - Village Store, Paper Shop. If you have any difficulty redeeming your card and coupon for a prize send both to: Independent Questions Of Sport claims, PO Box 60, Burnley, BB10 1SH.

RULES AS PREVIOUSLY PUBLISHED

SOME OF OUR WINNERS SO FAR:

Graham Bowen from Caerdyddin, Dyfed - £1,000
Morten Svendsen from Newcastle-upon-Tyne - £1,000
Theresa Gleadowe from London - £500
Martin Smith from Lichfield, Staffordshire - £250
Dennis Pounder from Hartlepool, Cleveland - £250
Frederick Herbert from Wembley, Middlesex - £100
Toby Hurstons from Broomfield, Chelmsford - £50
David Bloor from Haslington, Crewe - £25

QUESTIONS OF SPORT CLAIM COUPON

Wednesday 10 January 1996
To claim prizes up to £10

DO NOT PHONE

Take this coupon to any of the participating Newsagents listed who will give you your prize instantly.

NAME
ADDRESS
POSTCODE
TELEPHONE

To the Newsagent: Please check the card is correct and give the reader the value of their prize. Send this coupon or details supplied on plain paper together with the winning card to your head office for full redemption.

Mather told to stay in England

Rugby League
DAVE HADFIELD

The Western Reds, the Australian Super League club, have told Barrie-Jon Mather, the international second row or centre, to stay in England until his contractual dispute with Wigan is sorted out.

Mather signed a three-year deal with the Perth-based club in November after declaring himself a free agent, but has been in Britain for a Christmas holiday.

Wigan are disputing Mather's claim that the contract he signed with them last April is void and have, via the Rugby League, asked the Super League to intervene in a potential feud between two member clubs.

That plea appears to have worked. Brad Mellon, the Reds' chief executive, has told Mather to stay put and try to resolve the issue, and the 22-year-old

player, capped by both Great Britain and England, was taking legal advice in London yesterday.

It is obviously not in the Super League's interests to have two affiliated clubs on opposite sides of the world at each other's throats, but Mather has already attracted interest from clubs in the rival Australian Rugby League, who would have no such qualms.

Mather's solicitors have issued a statement accusing Wigan of being afraid to face them in court.

"They have not had the courage to do that, but have chosen to hide behind the coat-tails of the Rugby League," they said. "Our client does have the courage of his convictions, and proceedings are to be commenced."

St Helens' injury picture is gradually easing during the run-up to Saturday's Regal Trophy final against Wigan. Dean Busby, their loose forward, has

been passed fit for the final after recovering from the groin strain that kept him out of Sunday's match against Warrington.

Six players are still under intensive treatment, however, with Adam Fogarty's knee and Anthony Sullivan's calf the least likely to respond in time.

Russell Smith, the Castleford referee who has already officiated at two Challenge Cup finals, takes charge of his first Regal Trophy final at Huddersfield on Saturday.

Phil Sigsworth, the new Hull coach, is to try to persuade Russ Walker, who was in charge on a caretaker basis until the Australian's arrival last weekend, to stay on as his assistant.

Sigsworth is resigned to losing Richard Gay, his full-back, to Castleford, but he is confident that Steve McNamara, the club captain who has been recently linked with Bradford and Wigan, will be staying.

WEEKEND POOLS FORECAST

FA Cup Final
1 Bolton v Wimbledon 2
2 Everton v Chelsea 1
3 Manchester Utd v Aston Villa 1
4 Middlesbrough v Arsenal 1
5 North Forest v Southampton 1
6 QPR v Blackburn 1
7 Tottenham v Manchester City 1
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Endsleigh Insurance League

First Division
1 Derby v Reading 1
2 Luton v Southend 1
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Second Division

1 Bradford v Brighton 1
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Third Division

1 Chester v Bury 1
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Football

7.30 unless stated

COCA-COLA CUP QUARTER-FINALS
1 Arsenal v Newcastle (8.0)
2 Aston Villa v Wolves (7.45)
3 Leeds v Reading (7.45)
4 Norwich v Birmingham (7.45)
5 Tottenham v Wigan (7.45)

ENGLISH INSURANCE LEAGUE

SECOND DIVISION
1 Stockport v Bradford City (7.45)
2 Swindon v Swanssea (7.45)
3 BELLS' SCOTTISH LEAGUE

PREMIER DIVISION

1 Hearts v Motherwell
2 Bell's Scottish League First Division
3 Postponed: Hamilton v St Mirren (playing 24 January)

SCOTTISH SECOND DIVISION

1 Queen of the South v Stirling Albion
2 Stranraer v Berwick
3 Stranraer v Berwick
4 Livingston v Queen's Park

SCOTTISH THIRD DIVISION

1 Greenock v Arbroath
2 Greenock v Arbroath
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SCOTTISH LEAGUE

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SCOTTISH LEAGUE

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SCOTTISH LEAGUE

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Rugby League

7.30 unless stated

STONES CENTENARY CHAMPIONSHIP
1 Wakefield v Wigan
2 Wakefield v Wigan
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Rugby Union

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Rugby Union

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New Questions Of Sport
Saturday's Independent

THE INDEPENDENT

Ch 11/10/95

